Fortune's Forecast for the Next 18 Months
Banking's New Stars: Women
The Largest U.S. Non-Industrial Corporations

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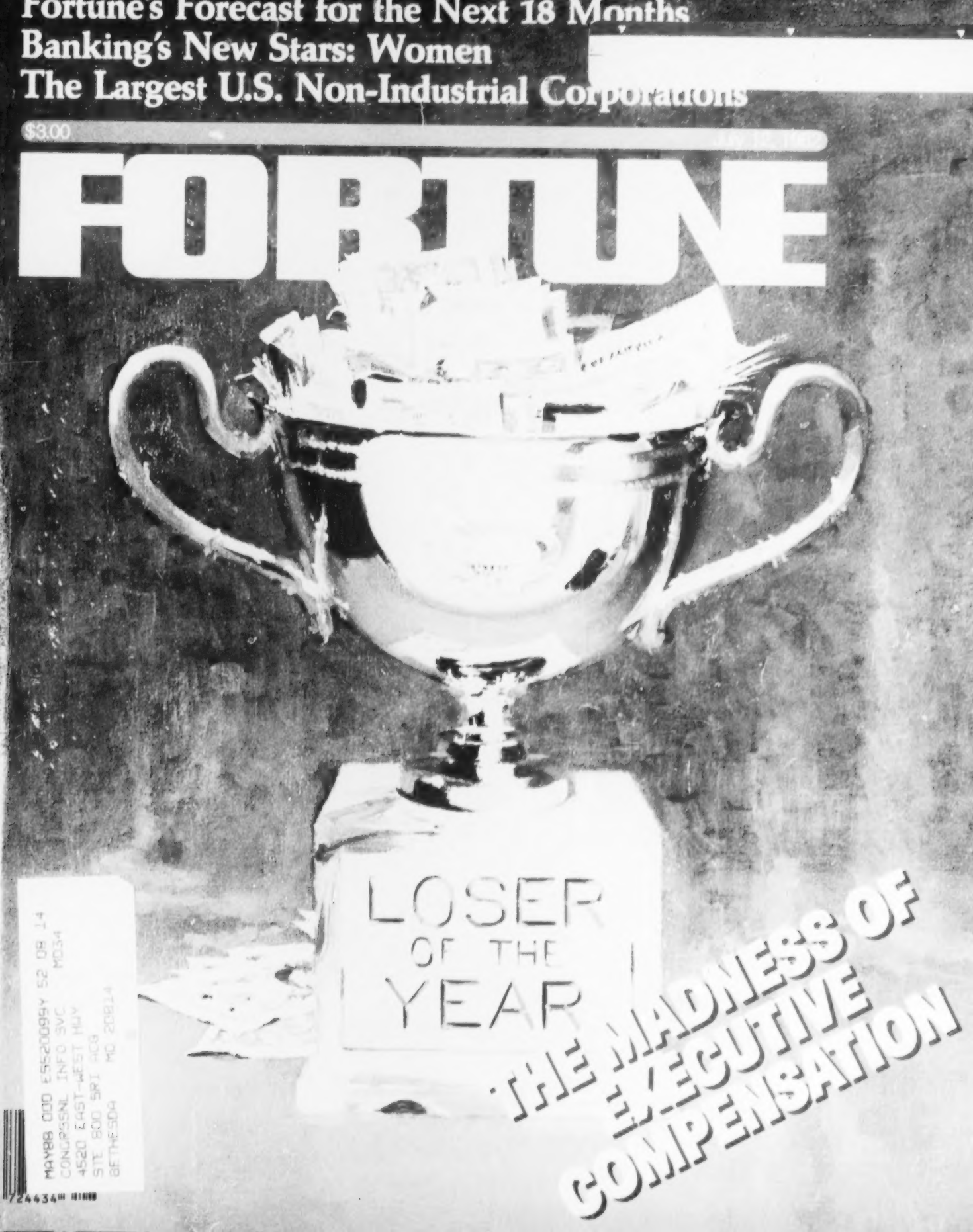

THE MADNESS OF EXECUTIVE COMPENSATION

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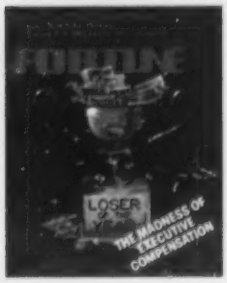
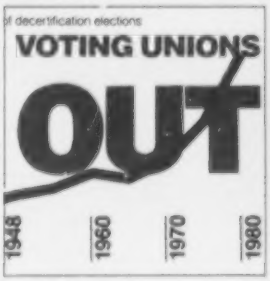


Milt Kobayashi's cover painting reflects the extraordinary extent to which top executives whose companies earn low returns still manage to earn high returns for themselves. The article begins on page 42.



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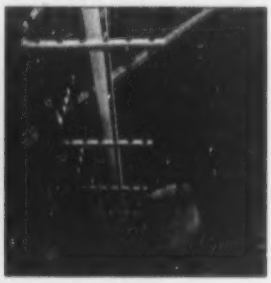

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MANAGEMENT

The Madness of

by CAROL J. LOOMIS

In the spring and early summer, the crescendo season for proxy statements and annual meetings, the chorus of hot complaints about the compensation paid top executives tends also to rise. From those linked to the system—corporate directors, consultants, executives themselves—the defenses shoot back. "These are big and complex organizations," the argument sometimes goes. "The people who run them *deserve* high pay. Look at the millions that Frank Sinatra gets, or Johnny Carson. Considering their pay, why should people get exercised about a corporate chief executive earning $1 million?"

In truth, there seems no way of judging whether the compensation of chief executives in general is too high or too low. But the Sinatra and Carson analogy has its weaknesses. As performers, they are unremittingly on test in a free market. In the upper reaches of corporate America, the market frequently does not seem to work. In a totally rational world, top executives would get paid handsomely for first-class performance, and would lose out when they flopped. But to an extraordinary extent, those who flop still get paid handsomely. In this regard, they have something in common with union members who are able to extract higher-than-market wages from their employers (see the article on page 54).

If directors behaved responsibly, they would handle the stockholders' money as if it were their own, avoiding compensation excesses. So many examples of near-unarguable excess exist that a lot of directors must be thought guilty of falling down on the job, perhaps in part because they are often themselves corporate executives and therefore beneficiaries of the system.

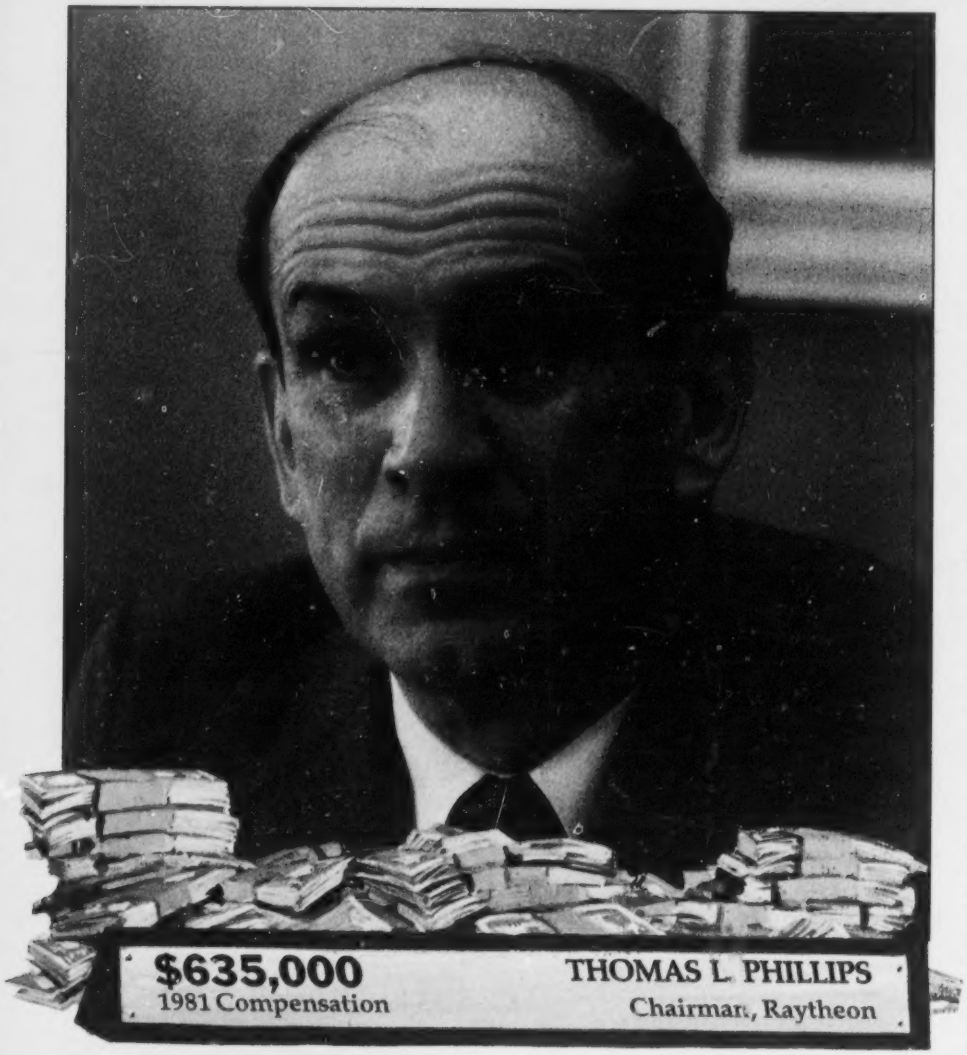
The madness of that system can be seen in an analysis of pay vs. performance. For this article and a portfolio of charts that follows, FORTUNE studied 140 large companies, comparing last year's return on stockholders' equity for each with the compensation paid its chief executive. Long-term forms of compensation—stock options and multi-year incentive plans—were excluded because the future payoffs on current plans are uncertain and payoffs already realized cannot logically be tied to a single year. The charts provide a perspective on pay and performance that a list cannot. They show some examples of consistency in which pay and performance match. They

Research associate: Edward C. Baig

COMPANY'S RECORD OVER FIVE YEARS ENDING WITH '81	ITT
Average return on stockholders' equity	11%
Annual growth rate in earnings per share	3.5%
Change in price of common stock	—12%

Illustration by Milt Kobayashi

Executive Compensation



RAYTHEON	In the compensation of chief executives, any similarity between rewards received and performance demonstrated often seems almost coincidental. Judging by corporate results, it's hard to see why Rand Araskog, for instance, deserves so much more cash than Thomas Phillips.
20.7%	
24.1%	
+147%	

show many more examples of irrationality and contradiction.

One of the contradictions is illuminated above, in the comparison of Thomas L. Phillips, chairman of Raytheon, and Rand V. Araskog, chairman of ITT. The $635,000 that Phillips made in 1981 is a long way from food stamps. In the firmament of conglomerates, however, where both companies reside, that pay puts Phillips in the underclass. Yet Raytheon's performance in recent years has been superb.

In contrast, ITT's performance has been dismal—and for his 1981 work Araskog got $1,150,000, which is $133,000 more than he made in 1980. His 1981 compensation includes $173,000 that ITT pays in carrying costs on a Manhattan cooperative apartment that Araskog bought so he could live close to the company's Manhattan headquarters. It also includes another unusual item. Almost all large companies pay fees to their outside directors, but almost none pay board fees to insiders, since they are already getting full-time compensation for their work. ITT *does* pay its inside directors. In 1981 Araskog and every other director got $1,000 for every board meeting attended (12 were held) and $750 for every committee meeting. The ITT proxy statement does not specify what part of Araskog's $1,150,000 came from board service. But if he achieved perfect attendance at all his board and committee meetings (which he might well have done, living close), he adjourned the year with $52,500 in fees.

Bonuses delayed

The compensation arrangements at one other conglomerate deserve a little light. Among the 20 largest multi-industry companies (charted on page 47), the company paying its chief executive the most in 1981 was W.R. Grace. The man who got the money was definitely J. Peter Grace, 69, grandson of the founder. How much he got is less definite: it was at least $1,549,000, but that does not include a bonus for 1981 that Grace is to get, but whose size, according to a proxy footnote, had not yet been determined.

This practice of stuttering to a conclusion about bonuses—and of not saying until the *next year's* proxy statement what they were—is also followed at Gulf & Western, Litton, IBM, Standard of California, Standard of Indiana, and Continental Illinois. Whatever the purpose of the delay, it manages to frustrate full disclosure. A stockholder in one of these companies is always getting stale bonus data and never manages to see, in one proxy, what an

executive has been paid for a given year.

Going by past relationships between his salary and bonus and by W.R. Grace's 1981 profits (they were up from 1980), we estimate that Peter Grace got a bonus for 1981 of $265,000. That would push his compensation up to $1,814,000. The striking thing about this total is that it includes still another bonus—a splendid $1 million awarded to Peter Grace by the directors "in recognition of his accomplishments during his 36-year tenure as the company's chief executive."

Presumably that means "accomplishments" benefiting the shareholders, so FORTUNE measured these. From the end of 1945, the year Peter Grace took over, through 1981, Grace stock rose at an annual rate, compounded, of only 2.7%. In addition, Value Line statistics show that Grace stockholders earned an average annual dividend yield over the period of 4.7%, which combined with the appreciation gave the stockholders an annual return of 7.4%. That is distinctly low grade. According to data compiled by Roger G. Ibbotson and Rex A. Sinquefield, the stocks making up Standard & Poor's composite stock index did substantially better over the period, averaging 10.3%. One can only imagine how much more the directors might have awarded Peter Grace had he succeeded in making W.R. Grace just average.

The golden years

Peter Grace's compensation, according to a crisp couple of sentences in the proxy, has one more wrinkle. When he reached retirement age four years ago, Grace was "deemed," so says the proxy statement, to have retired—even though he kept slogging away as chief executive, just as he had since 1945. For a man who likes to work, which Peter obviously does, this state of grace is not bad: having been deemed, he began drawing his pension, which last year amounted to $350,000. Since a pension is basically a long-term reward, FORTUNE has not included it as compensation in the chart. Had it been included, his total for 1981 would have been $2,164,000.

A pension of $350,000, while noteworthy in this case because it is being paid to a working, lavishly compensated executive, is nothing extraordinary as chief executives' pensions go these days. The mind-boggling numbers arise in the oil industry, which is applying generous retirement formulas to very rich salaries and bonuses—running, for chief executives of the giants, near or above $1 million. Texaco is an especially munificent pension payer.

A well-paid Texaco executive who has spent 44 years with the company gets an annual pension when he retires almost exactly equal to his final average salary. In three years Texaco Chairman John K. McKinley, now 62, will be a 44-year man. He made $530,000 in salary last year (plus bonuses and other compensation that lifted him over $1 million); he will almost certainly get raises in the next few years, and can therefore expect to retire at 65 with an annual pension of $600,000 or more.

That's not all. A few years ago the Texaco stockholders, most of whom cannot have understood well what they were doing, approved a supplemental pension plan that gives certain key executives additional benefits. Their size will be influenced by the level of interest rates. Assuming, however, that rates at McKinley's retirement are what they are now, he will get, for ten years, an annual payment of $468,000. So his total annual pension in those ten years would exceed $1 million. The final salient fact: among large oil companies Texaco's performance has in the last decade been lousy.

If performance doesn't determine pay, what does? For one thing, size. Walton R. Winder, a Towers Perrin Forster & Crosby compensation consultant, says the firm's studies show that the correlation between size and pay, though by no means perfect, is relatively high, and superior to any other single pay correlation tested. Performance, he says, correlates weakly with pay. Another consultant, Louis J. Brindisi Jr. of Booz Allen & Hamilton, says it correlates not at all.

The phenomenon of increased pay for increased size is easiest to see when two companies merge. In 1979 Dart Industries paid its chief executive, Justin Dart, about $500,000 and Kraft paid its boss, John Richman (who was promoted into the job in midyear) $460,000. In 1980, the year Dart & Kraft was formed, Richman, who became C.E.O., leaped to almost $700,000, and last year he was up to $750,000.

A big question is whether increased pay for increased size (and the complexity that usually goes with it) is logical. Many compensation experts argue that it is, on the ground that the C.E.O. of an enlarged company is making decisions that affect more assets and more employees. The argument has a certain persuasiveness to it. But it also suggests that the directors' tolerance of poor performance should be lower in a large company than in a small company, and directors seldom seem gripped by that thought.

Flyspeck pay

Indeed, the unhappy fact is that the mergers that "justify" higher pay often lead to reduced returns for the shareholders. ITT is probably too complex for its own good. Right now, Dart & Kraft is a question. Brindisi, who has advised the company on compensation plans, thinks the merger "brilliant," since it links a cash cow, Kraft, with a cash sponge, Dart, which always seems to be needing money to finance growth. But last year Dart & Kraft, taking a major loss on a sale of assets, did not look too brilliant: its return on equity was only 12.8%, well below the returns that both Dart and Kraft were earning before the merger.

The immense profits that oil companies have earned in recent years are sometimes advanced as a reason why the pay of oil C.E.O.s should have risen. Here is what one director of a very major oil company says: "First of all, the industry is not labor-intensive. That means an oil company makes profits per employee that are huge, so it can afford to be more generous than can companies with more people. Also, if you end up the C.E.O. of one of the five or six most profitable companies around, you *should* get paid a lot. For a company that makes a couple of billion dollars, a $1-mil-

WHAT'S HAPPENED TO EXECUTIVE COMPENSATION . . .

1971			1981		
INDUSTRY	LARGEST COMPANY	CHIEF EXECUTIVE'S COMPENSATION	LARGEST COMPANY	CHIEF EXECUTIVE'S COMPENSATION	INCREASE (DECREASE)
AEROSPACE	BOEING	$80,000	BOEING	$957,551	1,096.9%
FOOD	SWIFT	$68,053	DART & KRAFT	$748,647	1,000.1%
PHARMACEUTICALS	AMERICAN HOME PRODUCTS	$240,000	JOHNSON & JOHNSON	$968,542	303.6%
PUBLISHING	TIME INC.	$203,025	TIME INC.	$633,367	212.0%
METAL MANUFACTURING	U.S. STEEL	$300,000	U.S. STEEL	$821,322	173.8%
RETAILING	SEARS ROEBUCK	$386,800	SEARS ROEBUCK	$1,010,137	161.2%
UTILITY	AT&T	$360,500	AT&T	$894,400	148.1%
OFFICE EQUIPMENT	IBM	$394,331	IBM	$940,000	138.4%
COMMERCIAL BANKING	BANKAMERICA	$171,543	BANKAMERICA	$390,325	127.5%
PETROLEUM REFINING	STANDARD OIL (N.J.)	$505,100	EXXON	$1,105,412	118.9%
BROKERAGE	MERRILL LYNCH	$296,501	MERRILL LYNCH	$642,524	116.7%
ADVERTISING	J. WALTER THOMPSON	$191,587	JWT GROUP	$372,881	94.6%
MUTUAL LIFE INSURANCE	PRUDENTIAL	$300,000	PRUDENTIAL	$582,744	94.2%
CONGLOMERATES	GENERAL ELECTRIC	$500,000	GENERAL ELECTRIC	$853,976	70.8%
AUTOMOTIVE	GENERAL MOTORS	$838,750	GENERAL MOTORS	$489,250	(41.7%)

. . . AS COMPARED WITH

	COMPENSATION		COMPENSATION	INCREASE
MAJOR-LEAGUE BASEBALL PLAYER (average)	$31,543		$196,500	523.0%
STARTING LAWYER IN A WALL STREET LAW FIRM	$15,500		$43,300	179.4%
HARVARD MBA GRADUATE ENTERING CONSULTING (median)	$18,000 (1972 data)		$46,100	156.1%
AUTO WORKER (average hourly wage)	$4.72		$11.01	133.3%
AIRLINE PILOT (average for union members)	$28,390		$60,280 (1980 data)	112.3%
PRESIDENT OF AFL-CIO	$70,000		$110,000	57.1%
U.S. SENATOR	$42,500		$60,663	42.7%
PRESIDENT OF THE U.S.	$200,000		$200,000	0.0%
CONSUMER PRICE INDEX (1967=100)	121.3		272.4	124.6%
MINIMUM WAGE	$1.60		$3.35	109.4%
STANDARD & POOR'S 500 STOCK INDEX (year-end)	102.09		122.55	20.0%

A mere decade ago the chief executives of some major corporations were getting under $100,000. In general, they and the other corporate officers listed did nicely over the period in comparison with such indicators as the CPI. The proxy rules in 1971 were different from those now in force, but not by enough to distort the data.

lion paycheck is only a flyspeck."

One flaw in that case is that OPEC, not the oil-company chief executives, provided the main boost to profits. Another flaw is that a $5-million paycheck could also be construed a flyspeck. Would it, therefore, be appropriate for an oil company to be paying its boss $5 million today?

The oblique answer is that no major oil company would today pay that much because no other major oil company does. Compensation committees spend enormous amounts of time checking what peer companies pay, so that the committees can satisfy themselves they are not getting grossly out of line. "Directors," says consultant Peter T. Chingos of Peat Marwick Mitchell, "are almost paranoid on this subject. They know there have been a few suits that have attacked the directors for paying too much"—some have befallen Norton Simon and International Harvester—"and they know the press likes to write about who's getting the most money. No director wants to be the one paying the most."

But most directors on compensation committees probably also have an urge to be agreeable about questions of pay. It is widely believed that many compensation committees are rubber stamps, unwilling to be hard-nosed about the pay of top executives, particularly those chaps who are fellow members of the board. Any reader of this article can imagine what his own attitude would be if he were required to sit in semi-public judgment on the salaries of his peers, some of whom were good friends. He would likely avoid harsh judgments and, in the end, be generous to a fault, particularly if he had the privilege of using money not his own.

An oft-expressed view about compensation consultants, meanwhile, is that they are tools of management. Just about any other kind of consultant is called in to cut costs; compensation consultants are normally called in because management believes it is not paying itself, or those below, enough and is looking for an expert to validate that opinion. Graef S. Crystal, a widely respected Towers Perrin consultant, says cheerfully, "There is a fine line between a compensation consultant and a whore." He volunteered this extreme characterization in recalling a couple of instances in which he resigned from accounts because he could not tolerate the greed—his term is "the porcine compensa-

tion characteristics"—of the chief executives involved.

In the last few years a primary purpose for which consultants have been hired is to construct long-term incentive plans, which cover perhaps three to five years. The long-term plans are extraordinarily varied, but might pay off, for example, if certain return-on-equity or earnings-per-share goals are met, or if a company gains ground against a specified group of competitors. Since those seem decent ambitions, this trend has admirers. Chingos of Peat Marwick applauds managements for beginning to think about "compensation strategy." Robert C. Ochsner, a specialist in the oil and chemical industries at Hay Associates, says he's seeing "five times more interest in pay-for-performance than I've ever seen before." On the other hand, Crystal of Towers Perrin, who has about 30 large companies as clients, says he finds that management's enthusiasm for being tested by fire has its limits: "Most managements have little appetite for establishing really gutty targets."

Creative use of the carry-over

A lot of evidence on that side exists in the fine print of proxy statements, which are replete with details—sometimes nearly indecipherable—of both long- and short-term incentive plans. These plans typically hint that they are rigorous, then promptly reveal themselves to be squishy. Intimations of rigor often arise from "shareholder protection formulas" that establish rules about the funding of bonus pools. Proof of squishiness is derived from an examination of the formulas, which are often wildly anachronistic, providing about as much shareholder protection as a catcher's mask made of gauze. For example, NCR's proxy indicates that it cannot pay a bonus unless return on equity is at least 6%. That is less than half the FORTUNE 500's median last year and five percentage points below the worst return that NCR has earned in the last five years.

Directors often compensate for the flabbiness of the shareholder-protection formulas by paying out only part of the bonus pool. But that can be a mixed blessing, since at some companies (Burroughs, Westinghouse, RCA), the unused portion of the pool can be carried forward from one year to the next, to be dipped into even if the reasons for awarding bonuses then seem dubious.

In conditions of total trouble—first, profits too small to fund a bonus pool, and second, an absence of carry-overs—a company can always put in new, liberalized rules so that it can keep on paying bonuses. General Motors did that this year, though it was prevented from immediately applying the new rules by a fire storm of protest from union members who had taken cuts in pay. The country's two biggest bank-holding companies, BankAmerica and Citicorp, have both recently weakened their rules. Its change, said BankAmerica, was aimed at making its plan "more competitive." The new system squishily calls for participants to achieve "individual objectives," although—super-squish—"such achievement is not a prerequisite for making awards." The change tips the truth about bonuses: they are much less a reward for performance these days than an institutionalized variety of salary.

A few companies have bonus thresholds that are truly tough—Wang Laboratories uses 15% return on equity and adds a few impediments beyond that. Some of the new long-term plans also incorporate real suspense, by setting up a range of goals and providing for variable payoffs depending on results. H.J. Heinz has installed a three-year plan heavy in incentives. The plan will pay nothing for annual earnings-per-share growth below 7%, and at the other extreme, practically deliver the world for 18% growth combined with a 50% rise in the P/E. If Anthony J. F. O'Reilly, the company's C.E.O., manages to make that maximum target, which would imply a big rise in Heinz stock, he could end up one of the best-paid executives around. His stockholders shouldn't mind a bit.

Then again, Sears Roebuck shareholders may be jolted by one provision of that company's new long-term plan, just put in place. The provision says that Sears' return on equity will be measured over the next few years against that of a peer group of companies and that bonus awards will only begin to be paid (potentially rising from there in line with performance) if the company manages to rank "at or above the median of the bottom third of its peer group sample." The median of the bottom third? The 17th percentile? That's an objective whose attainment is to be rewarded? "Given where they are now," lamely says one man familiar with the plan, "that's not an immodest goal."

What shareholders can do

In the end the long-term plans must probably be viewed for what they are—an addendum, another layer on top of salary, short-term bonus, stock options, stock appreciation rights, and cooperative-apartment carrying costs. In addition, since they are not attachable to a single year, the long-term plans float ephemerally through the pages of proxy statements. Trying to discover what an executive has reaped from such a plan, a shareholder is apt to get lost in a forest of verbiage.

The irrationalities and excesses of executive compensation do not seem easy to eradicate. It is hard to imagine uprisings by stockholders, who are seldom driven to vote down management proposals of any kind, much less those that glaze the eyes with their complexity. Stockholders who do perceive that they are being fleeced by management are often much more likely to sell than fight. That may be the simple solution, but it does not do much to cure the deficiencies of a system.

Any stockholder wanting to do his bit might consider asking a few pointed questions of compensation-committee directors at annual meetings. A lot are plainly uneasy about their position and some may even be looking for the ammunition a question could provide. Said a member of a compensation committee recently, when asked by a FORTUNE reporter to comment on an egregious compensation arrangement: "I hope that you will talk about that in your article. That could help me to do what I need to." Good luck. F

Pay vs. Performance in Ten Industries

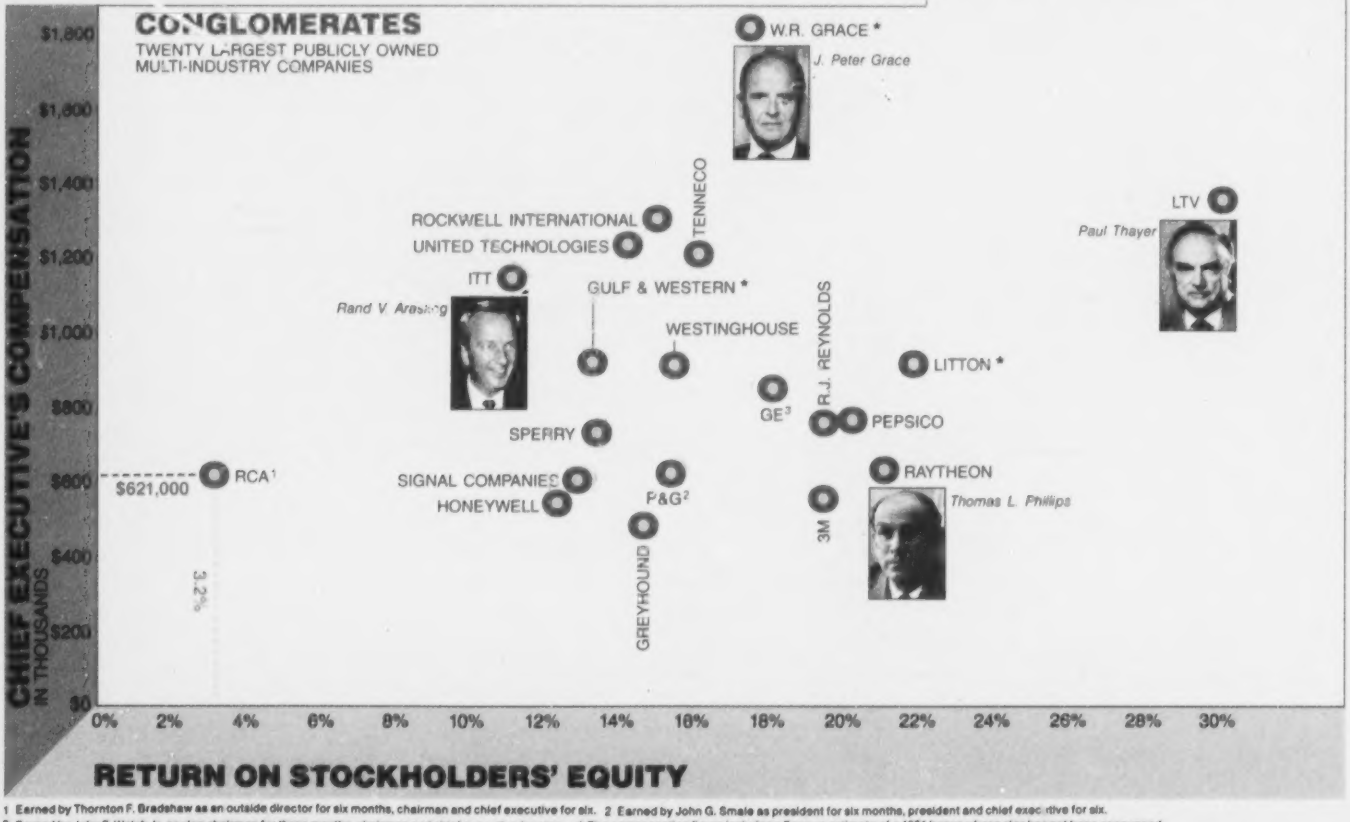
Most listings of compensation paid top executives don't tell you how it stacks up against performance. On these pages, FORTUNE presents "scatter plot" charts that compare pay with performance for 140 companies in ten large industries. The grouping by industry allows the performance and pay policies of similar companies to be compared. Compensation among industries ranges widely, from a median of $1,030,781 last year for C.E.O.s of the ten largest conglomerates to $504,480 for the ten top retailers.

The performance indicator we've used is each company's 1981 return on shareholders' equity, a ratio that shows how productively management is investing the shareholders' money. A one-year return is not a perfect indicator. But the returns of most companies charted do not swing violently; those that do tend to move with others in the same industry. Using an average of returns over several years would distort the standing of companies that had improved or lost ground.

On each chart the horizontal axis measures a company's 1981 return. The vertical axis shows the 1981 compensation of the chief executive. The dotted lines on the chart below are illustrative. RCA's return on equity was 3.2%; the C.E.O.'s compensation, $621,000. As the footnote points out, RCA is a special case: the money went to a half-year C.E.O. An explanation of how the compensation figures were derived is on page 52.

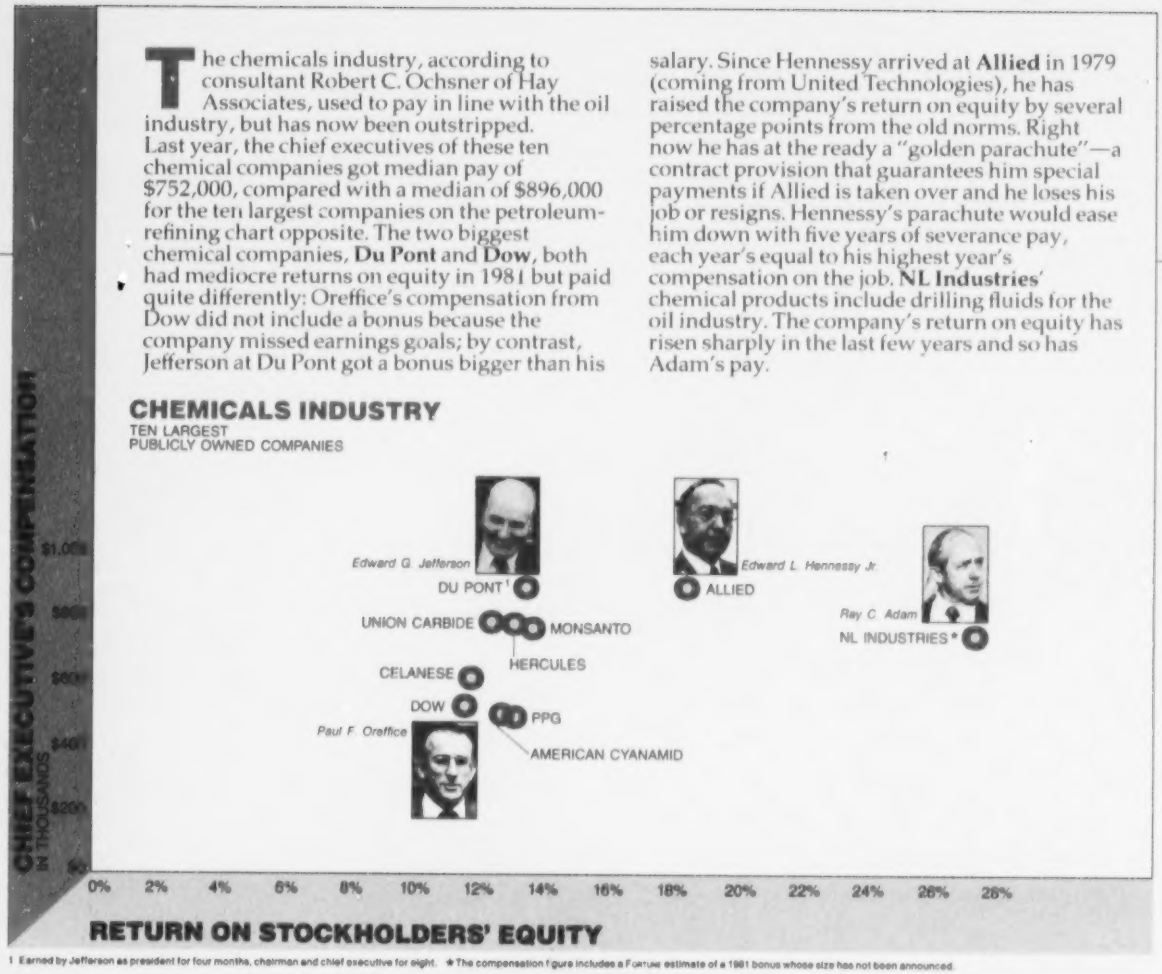
In general, a plot point in the lower left-hand corner of a chart denotes poor performance punished by poor pay. A position at the upper right shows fine performance rewarded by fine pay. Taken together, the charts support the notion that pay and performance are poorly correlated.

Here's how the FORTUNE 500's largest conglomerates performed last year and how their chief executives were rewarded. For the chart, a conglomerate is defined as a company that describes itself in its annual report as pursuing at least four lines of business, none accounting for as much as half its revenues (with non-consolidated financial businesses included). Grace of **W.R. Grace**, buoyed by a $1-million special bonus, got the highest compensation of any C.E.O. on this chart and those that follow. **LTV**'s return on equity tends to be volatile, but in 1981 reached its highest point in seven years. Thayer's compensation reached an all-time peak, rising to $1,364,000 from $858,000 in 1980. **ITT** and **Raytheon** are the odd couple spotlighted on pages 42 and 43.

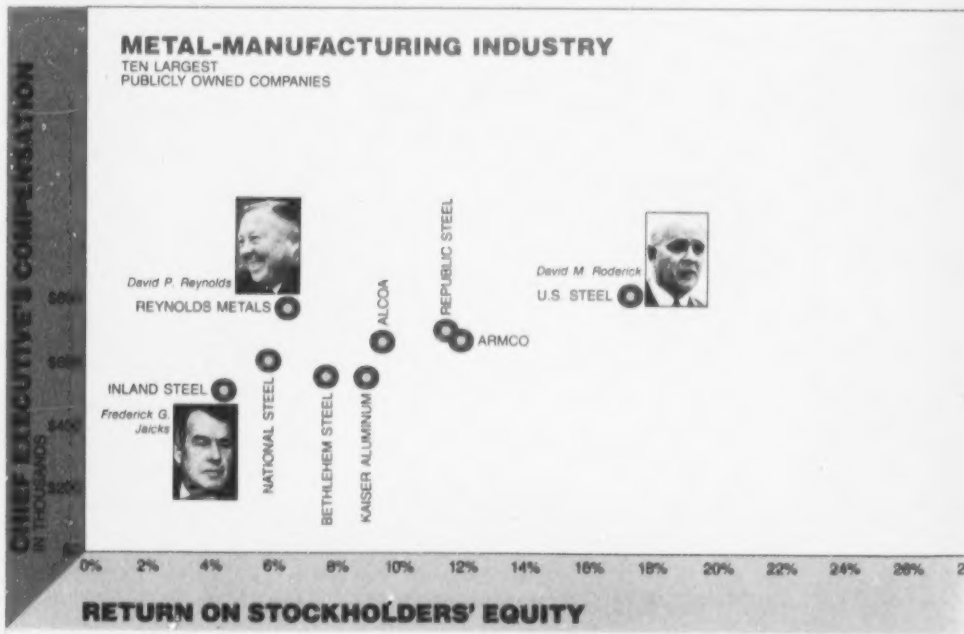


1 Earned by Thornton F. Bradshaw as an outside director for six months, chairman and chief executive for six. 2 Earned by John G. Smale as president for six months, president and chief executive for six.
3 Earned by John F. Welch Jr. as vice chairman for three months, chairman and chief executive for nine. ★ The compensation figure includes a FORTUNE estimate of a 1981 bonus whose size has not been announced.

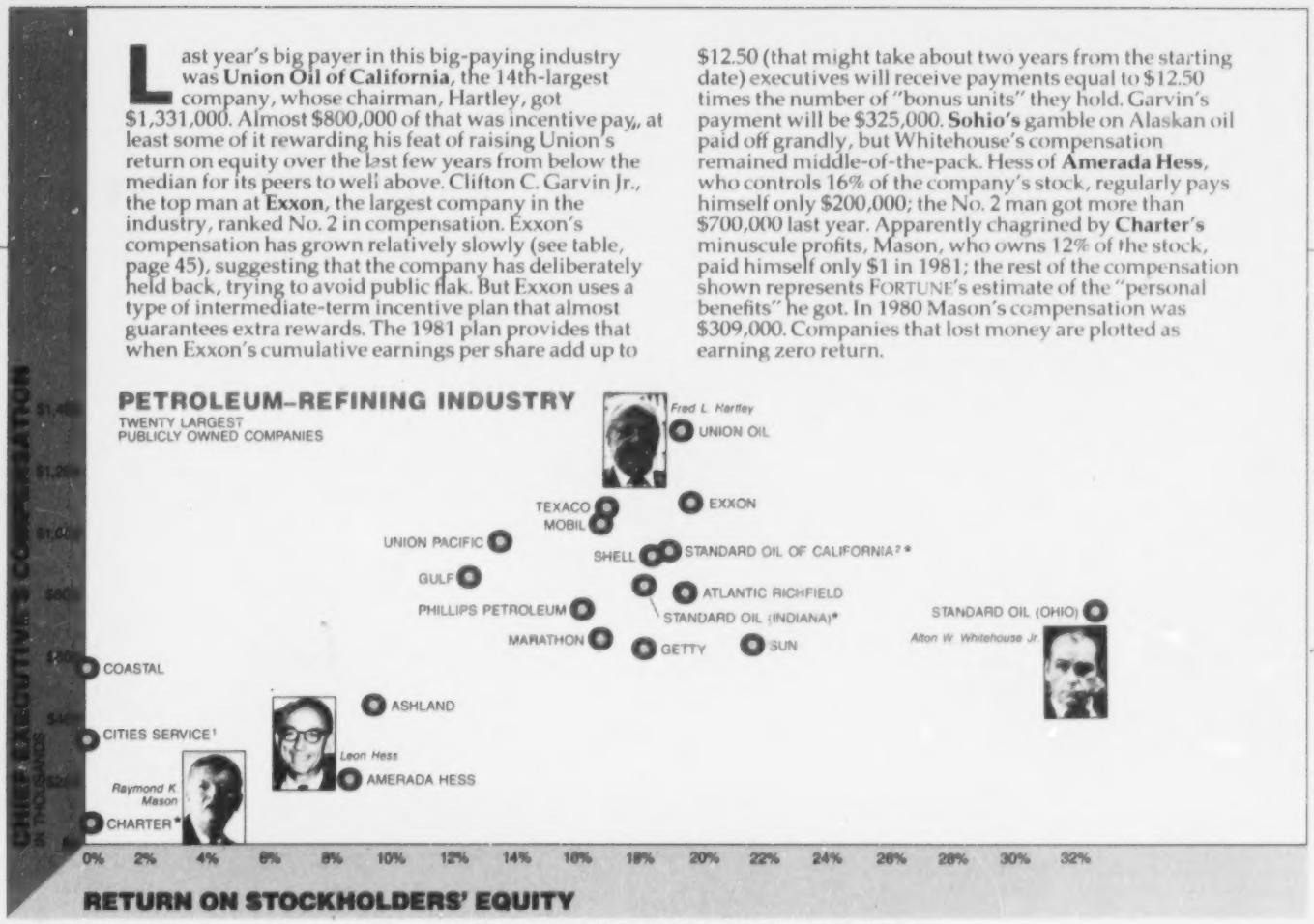
The chemicals industry, according to consultant Robert C. Ochsner of Hay Associates, used to pay in line with the oil industry, but has now been outstripped. Last year, the chief executives of these ten chemical companies got median pay of $752,000, compared with a median of $896,000 for the ten largest companies on the petroleum-refining chart opposite. The two biggest chemical companies, **Du Pont** and **Dow**, both had mediocre returns on equity in 1981 but paid quite differently: Oreffice's compensation from Dow did not include a bonus because the company missed earnings goals; by contrast, Jefferson at Du Pont got a bonus bigger than his salary. Since Hennessy arrived at **Allied** in 1979 (coming from United Technologies), he has raised the company's return on equity by several percentage points from the old norms. Right now he has at the ready a "golden parachute"—a contract provision that guarantees him special payments if Allied is taken over and he loses his job or resigns. Hennessy's parachute would ease him down with five years of severance pay, each year's equal to his highest year's compensation on the job. **NL Industries**' chemical products include drilling fluids for the oil industry. The company's return on equity has risen sharply in the last few years and so has Adam's pay.



1 Earned by Jefferson as president for four months, chairman and chief executive for eight. * The compensation figure includes a Fortune estimate of a 1981 bonus whose size has not been announced.



Last year's big payer in this big-paying industry was **Union Oil of California**, the 14th-largest company, whose chairman, Hartley, got $1,331,000. Almost $800,000 of that was incentive pay,, at least some of it rewarding his feat of raising Union's return on equity over the last few years from below the median for its peers to well above. Clifton C. Garvin Jr., the top man at **Exxon**, the largest company in the industry, ranked No. 2 in compensation. Exxon's compensation has grown relatively slowly (see table, page 45), suggesting that the company has deliberately held back, trying to avoid public flak. But Exxon uses a type of intermediate-term incentive plan that almost guarantees extra rewards. The 1981 plan provides that when Exxon's cumulative earnings per share add up to $12.50 (that might take about two years from the starting date) executives will receive payments equal to $12.50 times the number of "bonus units" they hold. Garvin's payment will be $325,000. **Sohio's** gamble on Alaskan oil paid off grandly, but Whitehouse's compensation remained middle-of-the-pack. Hess of **Amerada Hess**, who controls 16% of the company's stock, regularly pays himself only $200,000; the No. 2 man got more than $700,000 last year. Apparently chagrined by **Charter's** minuscule profits, Mason, who owns 12% of the stock, paid himself only $1 in 1981; the rest of the compensation shown represents FORTUNE's estimate of the "personal benefits" he got. In 1980 Mason's compensation was $309,000. Companies that lost money are plotted as earning zero return.

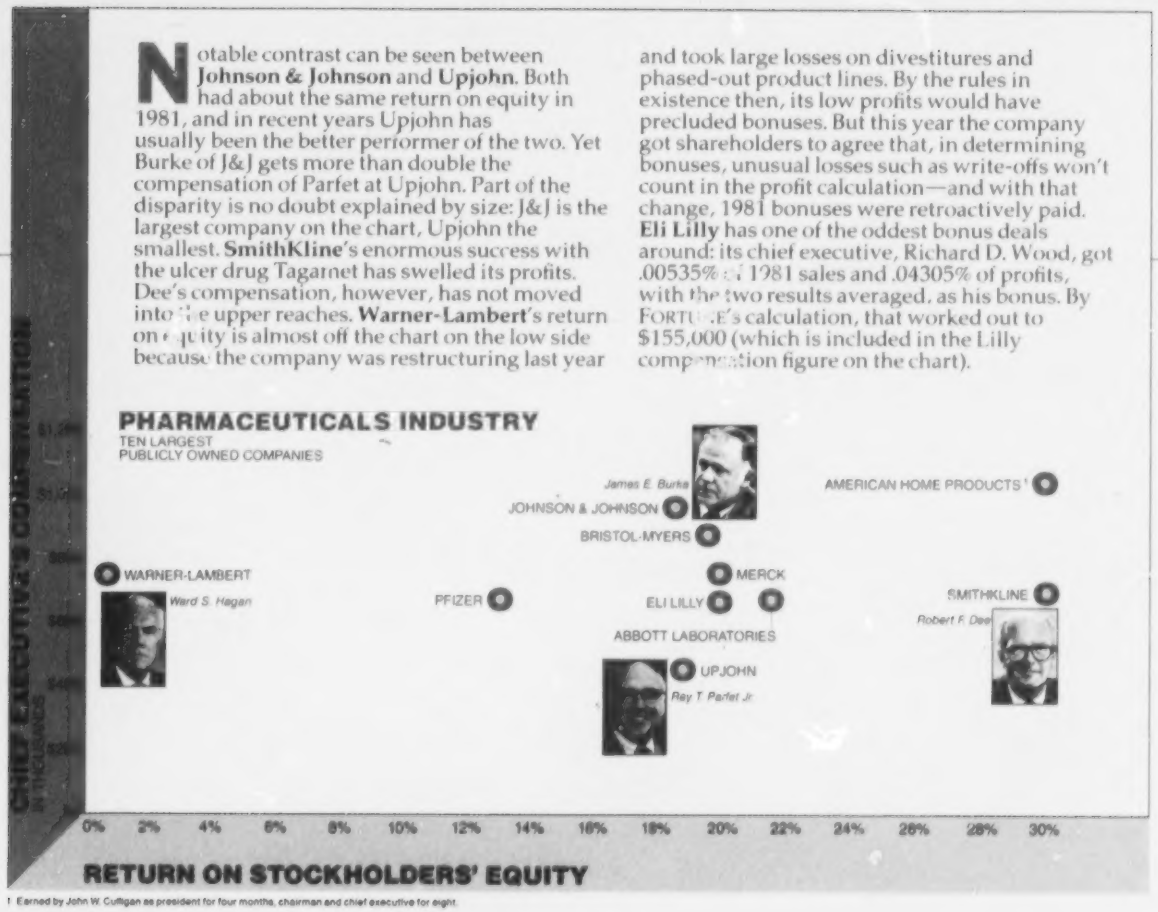


1. Earned by Charles J. Waidelich as president for four months, president and chief executive for eight. 2. Earned by George M. Keller as vice chairman for four months, chairman and chief executive for eight.
* The compensation figure includes a Fortune estimate of a 1981 bonus whose size has not been announced.

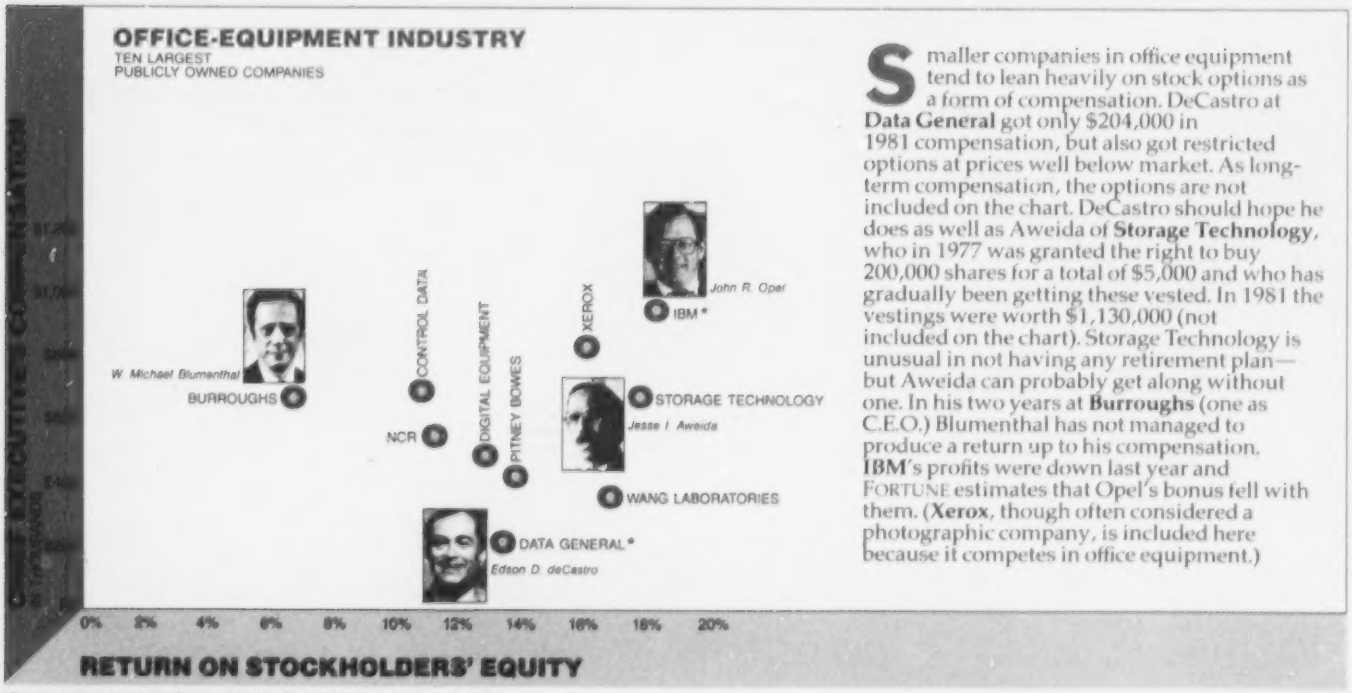
Among the industries charted, metal manufacturing was the only one to show much correlation between pay and performance. About half the variation in compensation seemed to be explained by the companies' returns on equity. Signs of rationality were especially apparent in the steel industry: its two best performers, **Northwest Industries** (parent of Lone Star Steel) and **U.S. Steel**, paid the highest compensation, and the worst performer, **Inland**, paid the lowest. Inland undertook a big expansion program in the 1970s and is now sitting with excess capacity that is hurting its profits. Northwest's super return on equity reflected Lone Star's super year selling oil pipe. Rationality has its limits, though: the man at the top of Northwest, Heineman, made only about $100,000 more than Reynolds at **Reynolds Metals**, the nation's second-largest aluminum producer. Reynolds Metals never shows great returns and 1981 was a particularly bad year. Reynolds' proxy makes it impossible to tell how much of the C.E.O.'s pay was salary, how much bonus.

32% 34% 36% 38% 40%

Notable contrast can be seen between **Johnson & Johnson** and **Upjohn**. Both had about the same return on equity in 1981, and in recent years Upjohn has usually been the better performer of the two. Yet Burke of J&J gets more than double the compensation of Parfet at Upjohn. Part of the disparity is no doubt explained by size: J&J is the largest company on the chart, Upjohn the smallest. **SmithKline**'s enormous success with the ulcer drug Tagamet has swelled its profits. Dee's compensation, however, has not moved into the upper reaches. **Warner-Lambert**'s return on equity is almost off the chart on the low side because the company was restructuring last year and took large losses on divestitures and phased-out product lines. By the rules in existence then, its low profits would have precluded bonuses. But this year the company got shareholders to agree that, in determining bonuses, unusual losses such as write-offs won't count in the profit calculation—and with that change, 1981 bonuses were retroactively paid. **Eli Lilly** has one of the oddest bonus deals around: its chief executive, Richard D. Wood, got .00535% of 1981 sales and .04305% of profits, with the two results averaged, as his bonus. By FORTUNE's calculation, that worked out to $155,000 (which is included in the Lilly compensation figure on the chart).

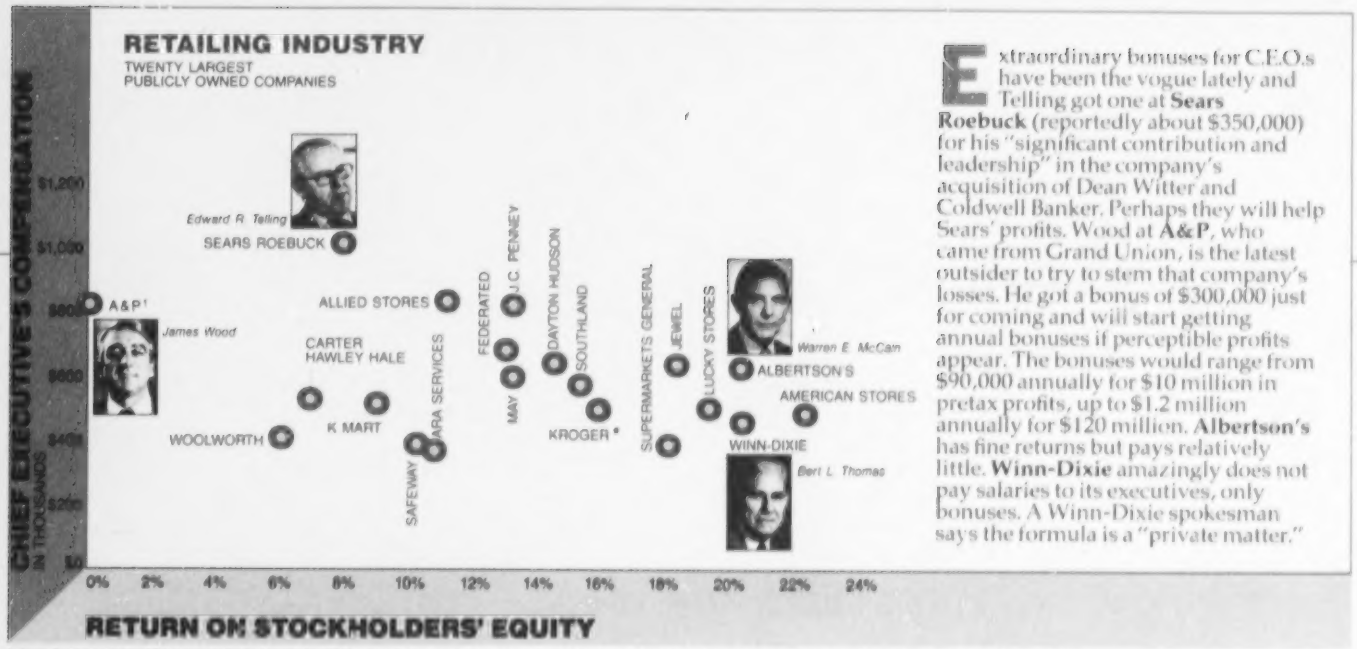


† Earned by John W. Culligan as president for four months, chairman and chief executive for eight.



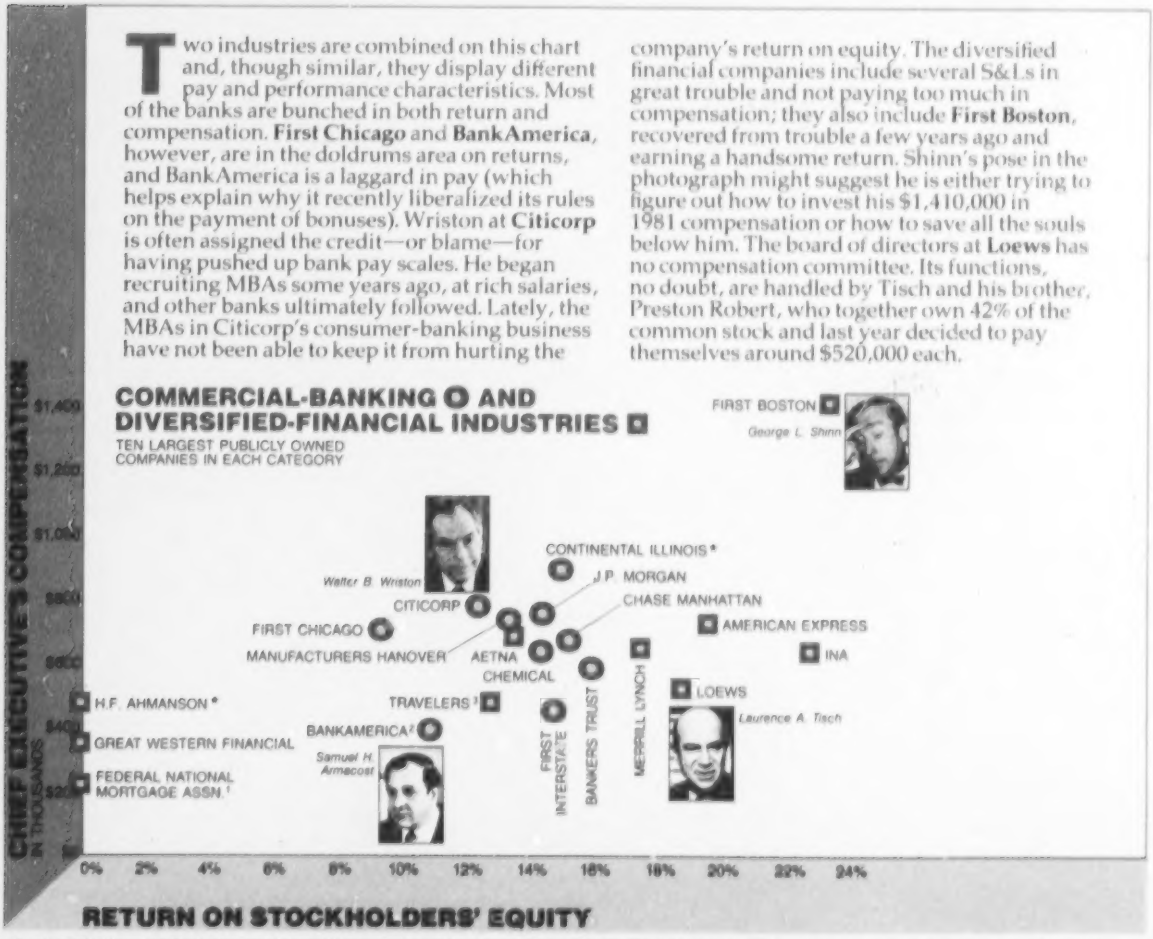
Smaller companies in office equipment tend to lean heavily on stock options as a form of compensation. DeCastro at **Data General** got only $204,000 in 1981 compensation, but also got restricted options at prices well below market. As long-term compensation, the options are not included on the chart. DeCastro should hope he does as well as Aweida of **Storage Technology**, who in 1977 was granted the right to buy 200,000 shares for a total of $5,000 and who has gradually been getting these vested. In 1981 the vestings were worth $1,130,000 (not included on the chart). Storage Technology is unusual in not having any retirement plan—but Aweida can probably get along without one. In his two years at **Burroughs** (one as C.E.O.) Blumenthal has not managed to produce a return up to his compensation. **IBM**'s profits were down last year and FORTUNE estimates that Opel's bonus fell with them. (**Xerox**, though often considered a photographic company, is included here because it competes in office equipment.)

* The compensation figure includes a Fortune estimate of a 1981 bonus whose size has not been announced.



Extraordinary bonuses for C.E.O.s have been the vogue lately and Telling got one at **Sears Roebuck** (reportedly about $350,000) for his "significant contribution and leadership" in the company's acquisition of Dean Witter and Coldwell Banker. Perhaps they will help Sears' profits. Wood at **A&P**, who came from Grand Union, is the latest outsider to try to stem that company's losses. He got a bonus of $300,000 just for coming and will start getting annual bonuses if perceptible profits appear. The bonuses would range from $90,000 annually for $10 million in pretax profits, up to $1.2 million annually for $120 million. **Albertson's** has fine returns but pays relatively little. **Winn-Dixie** amazingly does not pay salaries to its executives, only bonuses. A Winn-Dixie spokesman says the formula is a "private matter."

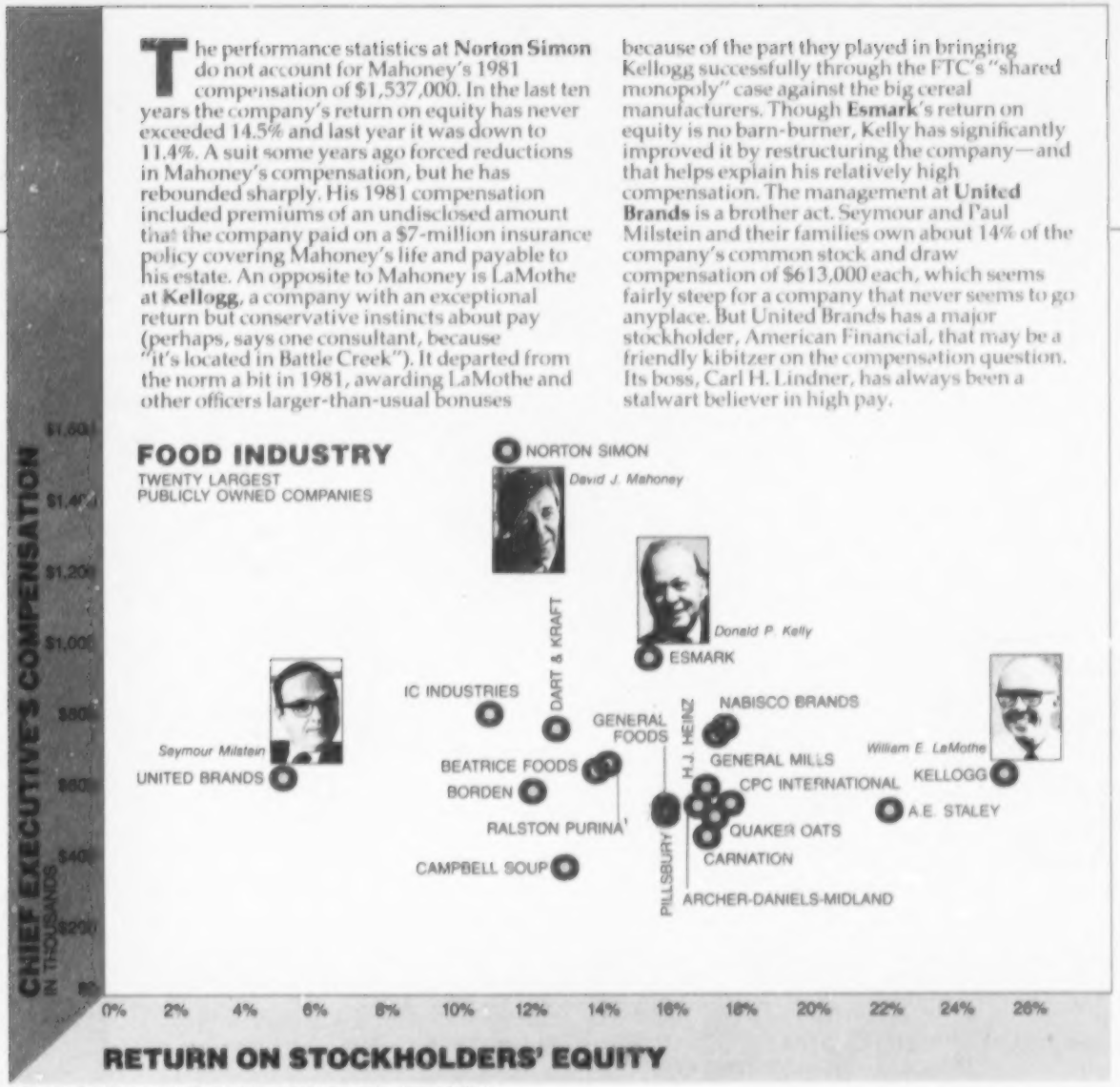
1 Earned by Wood, who joined the company in the third month of its 1981 fiscal year as chairman and chief executive. * The compensation figure includes a Fortune estimate of a 1981 bonus whose size has not been announced.



Two industries are combined on this chart and, though similar, they display different pay and performance characteristics. Most of the banks are bunched in both return and compensation. **First Chicago** and **BankAmerica**, however, are in the doldrums area on returns, and BankAmerica is a laggard in pay (which helps explain why it recently liberalized its rules on the payment of bonuses). Wriston at **Citicorp** is often assigned the credit—or blame—for having pushed up bank pay scales. He began recruiting MBAs some years ago, at rich salaries, and other banks ultimately followed. Lately, the MBAs in Citicorp's consumer-banking business have not been able to keep it from hurting the company's return on equity. The diversified financial companies include several S&Ls in great trouble and not paying too much in compensation; they also include **First Boston**, recovered from trouble a few years ago and earning a handsome return. Shinn's pose in the photograph might suggest he is either trying to figure out how to invest his $1,410,000 in 1981 compensation or how to save all the souls below him. The board of directors at **Loews** has no compensation committee. Its functions, no doubt, are handled by Tisch and his brother, Preston Robert, who together own 42% of the common stock and last year decided to pay themselves around $520,000 each.

1 Earned by David O. Maxwell, who joined the company in February 1981 as president, becoming chairman and chief executive in May 1981. 2 Earned by Armacost as vice chairman for four months, president and chief executive for eight. 3 Earned by Edward H. Budd as president for three months, president and chief executive for nine. * The compensation figure includes a Fortune estimate of a 1981 bonus whose size has not been announced.

The performance statistics at **Norton Simon** do not account for Mahoney's 1981 compensation of $1,537,000. In the last ten years the company's return on equity has never exceeded 14.5% and last year it was down to 11.4%. A suit some years ago forced reductions in Mahoney's compensation, but he has rebounded sharply. His 1981 compensation included premiums of an undisclosed amount that the company paid on a $7-million insurance policy covering Mahoney's life and payable to his estate. An opposite to Mahoney is LaMothe at **Kellogg**, a company with an exceptional return but conservative instincts about pay (perhaps, says one consultant, because "it's located in Battle Creek"). It departed from the norm a bit in 1981, awarding LaMothe and other officers larger-than-usual bonuses because of the part they played in bringing Kellogg successfully through the FTC's "shared monopoly" case against the big cereal manufacturers. Though **Esmark**'s return on equity is no barn-burner, Kelly has significantly improved it by restructuring the company—and that helps explain his relatively high compensation. The management at **United Brands** is a brother act. Seymour and Paul Milstein and their families own about 14% of the company's common stock and draw compensation of $613,000 each, which seems fairly steep for a company that never seems to go anyplace. But United Brands has a major stockholder, American Financial, that may be a friendly kibitzer on the compensation question. Its boss, Carl H. Lindner, has always been a stalwart believer in high pay.



1 Earned by R. Hal Dean as chairman and chief executive for nine months, chairman for three.

WHAT'S BEHIND THE COMPENSATION NUMBERS

The compensation figures in the preceding charts include salaries, bonuses, profit sharing, stock-purchase contributions made by a company for the chief executive's account, and 1981 compensation that is scheduled to be paid on a delayed basis. The delay may come because the recipient has elected to defer the income or because company rules, usually aimed at retaining the executive, prohibit immediate payment. In most cases, the compensation in storage draws interest or dividends, and 1981 income from that source is included in the charts. Also included are what the SEC calls "personal benefits." These are costs that a company assumes for the benefit of the executive, such as the expense of financial counseling services and the premiums on large life-insurance policies payable to the executive's estate.

The compensation numbers exclude long-term income of any kind—profits on stock options, rewards from long-term incentive plans. Future payoffs from these plans are unknowable and payoffs already realized cannot be related to a single year. In cases where a compensation figure includes a FORTUNE estimate of a 1981 bonus whose size has not been announced, the estimate was based on past compensation patterns, mathematical formulas included in proxy statements, and the company's profits—though that is a weak reed to lean on, since bonuses often bear little relation to profits.

The return-on-equity figures used are from the FORTUNE 500 and from lists of the largest non-industrial companies (which begin on page 130 of this issue). The percentages are derived from a company's profit for its 1981 fiscal year and its year-end stockholders' equity.

THE JOB MARKET

LAST OF A SERIES

Who Needs Unions?

A lot of economists argue that collective bargaining doesn't do what it's supposed to, and givebacks may be a sign that they're right.

by DANIEL SELIGMAN

What is one to make of organized labor's givebacks—of that avalanche of bargaining concessions at General Motors and Ford, in the steel industry, in rubber, farm equipment, trucking, construction, railroads, airlines, and newspaper publishing? The *purpose* of the givebacks is clear enough. They're intended to preserve some jobs and output that were, as the recession dragged on, looking highly endangered. But some other matters are not so clear.

Question: if we tell ourselves that this extraordinary display of collective-bargaining-in-reverse is preserving output and jobs, then shouldn't we also tell ourselves that *ordinary* union behavior destroys them? Related question: what is the economics profession telling us nowadays about the economic consequences of unionism? Further question: if unionism does have perverse effects, shouldn't we be reexamining a variety of public policies whose stated purpose is to bolster collective bargaining?

Organized labor is in terrible trouble and there is no compelling reason to think that its long downdrift is nearing an end. Its share of the work force is declining, as is its batting average in collective-bargaining elections. (See the charts on the following pages.) Its eternal efforts to "organize the unorganized" go on—the current Houston Project being the latest and largest such effort—but it is hard to envision the AFL-CIO suddenly getting hot in the Sunbelt. The reputation of unions is close to an all-time low. Reviewing a broad range of survey data, Seymour Martin Lipset and William Schneider reported in *Public Opinion* last summer that unions "are one of the least trusted institutions in American life," adding: "There is considerable evidence that labor stands lower in public regard than business, and in some cases it is held in even lower esteem than government or politics."

Research associate: Craig C. Carter

Higher fares for the poor

Even liberal intellectuals, who once viewed organized labor as a major force for social justice, today see unions principally as another special interest and one that, as often as not, works against the interests of the most disadvantaged Americans. Obvious example: the endless rounds of pay increases won by municipal transit workers since the Fifties, a period when service in most big cities deteriorated sharply while the fares paid by the working poor rose steadily. The Department of Transportation has published a study, prepared for it by the Institute of Public Administration, indicating that between 1950 and 1977 the wages of municipal transit workers rose by 70% and transit fares rose by 30%—both figures being adjusted for inflation. Federal aid to mass transit, still something of a sacred cow on the editorial pages, has gone largely to boost the pay of unionized transit workers, who now have compensation packages that seem absurdly high in relation to the skills involved; an average subway motorman in New York costs the city $28,000.

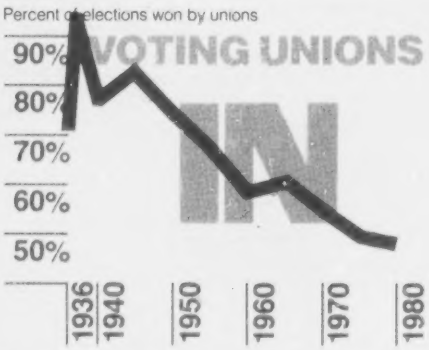
The suspicion that unionism is bad for employment and output has been reinforced by the lopsided shape of the current recession. By just about every measure, the recession has been worse in those sectors where unionism is strongest. The auto and steel industries are perhaps the most obvious cases in point. Yale Brozen, professor

From Big Victories to Beating the Bushes

Union membership soared following the Supreme Court's 1937 Jones & Laughlin decision, which upheld the Wagner Act and set off a tidal wave of unionism at J&L (above) and thousands of other companies. With the tide now moving the other way, organized labor is gamely seeking members in the overwhelmingly non-union Sunbelt. At right, AFL-CIO President Lane Kirkland autographs a hard hat during a visit to help promote the Houston Organizing Project.

Herman Kokojan

Public policy in the U.S. presumes unionism to be an engine of economic growth.



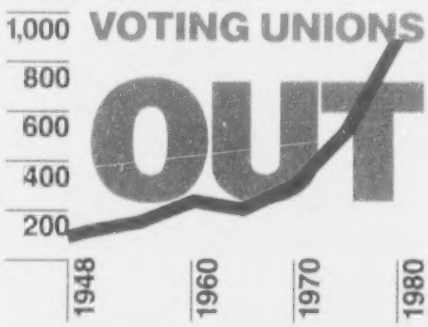
Unions now win fewer than half the elections held under the supervision of the NLRB to determine whether workers want to be organized. At their 1937 peak, unions won 94% of elections.

of business economics at the University of Chicago, has demonstrated that in the last few decades the compensation gains won by the United Auto Workers and the United Steelworkers got wildly out of line relative to those in manufacturing generally. In both autos and steel, hourly employment costs in the early Fifties were around 15% above the manufacturing average—a premium basically reflecting the higher skill levels required in the two industries.

No more pass-alongs

The premium rose sharply during the last 30 years, however, and by 1980 was up to 86% in both industries. By this time, of course, both were finding themselves unable to compete with foreign products and were pleading for various combinations of union givebacks and import protection. Clearly, there were major management failures in both industries: both were slow in responding to the growth and extraordinary dynamism of their overseas competition during the Seventies. Both seemed slow to realize that their grip on the U.S. market was not ordained by nature. In retrospect, it seems clear that those outsize wage gains, which could no longer be passed on to consumers, signified shortsightedness in management as well as the unions. Still, the 240,000 auto workers and 100,000 steel-industry workers now unemployed can tell themselves that their own unions had a lot to do with their predicament.

This is all most peculiar because public policy in the U.S. presumes unionism to be an engine of economic growth. The presumption reflects the ideas of the deflationary Thirties—notably the idea that recovery from the Great Depression required a major shift of resources from capital to labor. The National Labor Relations Act (better known as the Wagner Act), passed in 1935, became the foundation on which union power in America was built. The "findings and policy" in Section 1 of the act are a statement of the case for unionism. Collective bargaining is desirable, says the act, because it eliminates the evident "inequality of bargaining power" between the lone employee and the giant corporation. This inequality "tends to aggravate recurrent business depressions, by depressing wage rates and . . . purchasing power . . ." For these and other reasons it became "the policy of the United States" to take measures "encouraging the practice and procedure of collective bargaining."



The number of decertification elections —in which workers can vote out a union —has increased almost tenfold since the late Forties. Unions lose three-quarters of the elections these days.

These words and ideas are still in our basic labor law. The 1947 Taft-Hartley Act gave some new rights to employers (for example, it gave them freedom to argue the case against unions attempting to organize their workers) and imposed some new limits on union power (for example, it banned the closed shop, under which only those who were already union members could be hired). Taft-Hartley, passed over President Truman's veto, was widely denounced by union leaders as a "slave-labor law." Nevertheless, it retained the Wagner Act's affirmative perspective on collective bargaining.

The "findings" built into these laws in the Thirties are hard to reconcile with today's reality. Many people intuitively accept the thought that unions raise wages and therefore protect workers against hard times. But consider the matter from the perspective of a steelworker at the Jones & Laughlin plant in Aliquippa, Pennsylvania. In 1937, when the Supreme Court upheld the Wagner Act, the opinion by Chief Justice Charles Evans Hughes dealt at length with J&L, which was judged to have engaged in unfair labor practices at Aliquippa. The Court approvingly noted the Wagner Act's finding that collective bargaining might forestall depressions. In 1982 that thought is still in the law, but the news from Aliquippa leaves no room for doubt that there is another depression in the community and that unionism has had something to do with it.

To be sure, economists broadly agree that unions do raise the wages of their working members; on average, unionized workers get paid more than they would if they were unorganized. However, there have clearly been some periods, apparently including the late Sixties, in which unionized workers gained *less*. This could easily happen in an economic environment marked by (a) an unexpectedly strong demand for labor and (b) long-term contracts that left union workers locked in at pay levels below what they could command in a free market.

In any case, the increases attributable to unionism are far less than one might suppose from reading newspaper stories about union settlements. The stories frequently give one the impression that the entire gain reflected the union's efforts. In

continued

Richard Freeman, 37, just about always wears hats, even indoors, and is also atypical in believing that unions increase productivity—a proposition that he and his Harvard colleague James Medoff, 35, have been arguing formidably. However, they agree that unionism means lower returns to capital and less flexibility for managers. Says Freeman: "I wouldn't want my research assistants organized."

Richard Howard

Capitalism and Freedom, originally published in 1962, Milton Friedman observed sardonically: "The wages of domestic servants have risen very greatly in recent years. Had there been a union of domestic servants, the increase would have come through the union and would have been attributed to it."

Monopoly power

Still, economists generally agree that collective bargaining leads to above-market compensation in the unionized labor force. They also agree, to a quite remarkable extent, about the magnitude of this union effect. In his *Free to Choose*, published in 1979, Friedman put it at about 10% to 15%, supporting this estimate by citing econometric analyses published in the Sixties by H. Gregg Lewis, a respected econometrician at Duke University. Lewis is now preparing a major new report on the union wage effects, but most economists would be surprised if the magnitudes have changed much since his earlier work. Richard Freeman and James Medoff of Harvard have also concluded, after an exhaustive search of later literature on union wage effects, that union workers are probably earning about 10% to 15% more than they would in an unorganized world. Off at the lower end of the range, Professor Jacob Mincer of Columbia is estimating a gain of some 10% for union workers. At the higher end is Albert Rees, formerly professor of economics at Princeton and now president of the Sloan Foundation, whose latest (1977) edition of *The Economics of Trade Unions* estimates an edge of 15% to 20%. Rees observed recently that the gap may have widened still further in the inflationary late Seventies, when union workers were benefiting from their increasingly standard cost-of-living adjustments; however, he assumes that the gap is now shrinking in the giveback era and could soon be in the 15% zone.

Economists also agree on the source of the union premium. It reflects monopoly power—the legal right of unions to gain effective monopolies over companies' labor forces. Some weak unions, like those in the textile industry, have probably not raised their members' wages at all for many years. On the other hand, unions with especially strong monopoly positions—like the United Mine Workers and many construction locals—were until recently able to extract gains of 30% or more above market rates for their members. Ultimately, unions that pursue such policies find themselves with shrinking memberships; however, this trade-off is sometimes quite acceptable in unions dominated by workers who have so much skill and seniority that they are unworried, rightly or wrongly, about losing their own jobs. The UMW, many construction unions, and the International Typographical Union have histories of pushing for pay levels that guaranteed high unemployment rates among their members.

While the economics profession broadly agrees that pay in the unionized sector has been raised, it most emphatically disagrees with the notion that collective bargaining increases purchasing power in the country as a whole. Those 10% to 15% gains for the unionized minority are offset by losses for the unorganized majority—losses estimated by Lewis of Duke at 3% to 4% in his findings from the Sixties. In other words, unionism results in *below-market* rates in the non-union sector. In both sectors, furthermore, unionism results in "a deadweight loss of efficiency," as Albert Rees put it several weeks ago.

How come? The prevailing model of the union impact is one in which those above-market wage gains have several large side effects. First, union employers overmechanize. They end up with higher capital-labor ratios than are optimal. They reach for the robots sooner, and more extensively, than they otherwise might. Many people equate increased mechanization with increased efficiency, but in this case the shift is inefficient—it leaves the employer with higher unit costs than he'd have if he could simply employ non-union market-rate labor instead of machines.

Second, employers contemplating high standard wage rates make special efforts to get only the most productive workers. "You're not going to have some teenage bozo doing the job when you're looking at those rates," Richard Freeman observes. However, the superior workers aren't superior enough to justify the union rates. The 10% to 15% gap that keeps turning up in the econometric analyses is a *net* gap. Columbia's Jacob Mincer, who has computed the gap at 10%, has also calculated that the gross figure would be around 20%. In other words, he's saying that employers get stuck with labor costs 20% above what they'd pay in the absence of unions and then recover perhaps half of this loss "by systematic rationing ... by hiring more productive workers from the queue."

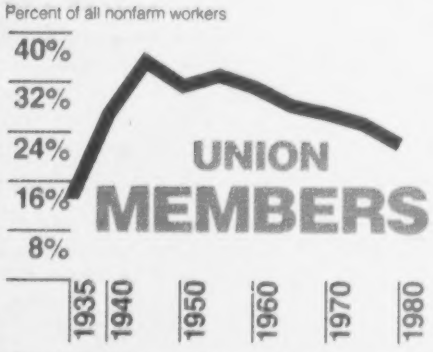
The missing steelworkers

When employers (a) raise their capital-labor ratios and (b) raise their hiring standards, a lot of workers are inevitably "crowded out" (to steal a metaphor from the financial markets). Clearly, the effect of collective bargaining is to push the less-skilled workers out of the unionized sector. Yale Brozen of Chicago estimates that the "superpremium pay" in the steel industry has left employment there 300,000 or 400,000 less than it would be with only a normal premium. As Brozen observes,

continued

Why would anyone quit when he's earning 10% more than he's worth?

those hundreds of thousands are anonymous and invisible. Unlike striking steelworkers, nobody ever sees them on television and the public is never invited to contemplate their economic misfortunes. (For that matter, few of the individuals think of themselves as steelworkers manqué.) But somewhere out there, a lot of people are earning substantially less than they would be if the steel industry had not been unionized. Their problem is not just that they lose the "normal premium" associated with a high-wage industry like steel. They also suffer because, along with other crowded-out workers, they're pushed into a non-union sector whose swollen size assures lower wages.



The union share of the work force, in decline since World War II, is now pegged at about 22%. This figure—based on unaudited membership reports to the Labor Department—is surely inflated.

Economists also agree about one presumably desirable effect of unionism: it is associated with lower quit rates. Union workers seem to like their jobs more than do comparable non-union workers. Professors Freeman and Medoff of Harvard, whose assessment of unionism is more positive than that of most economists, emphasize the importance that workers attach to "voice"—that is, to the opportunity to talk back to management—and relate the lower quit rates primarily to the voice factor. On the other hand, economists who view unions essentially as wage monopolists explain the lower quit rates primarily by the union premium. Why *would* anyone quit when he's earning 10% more than he's worth?

One critical issue on which economists do *not* agree these days concerns the effect of unions on productivity. Until Freeman and Medoff came along a few years ago, it was very hard to find serious economists arguing that unions increased productivity. To be sure, one could always cite particular cases of badly managed companies that were suddenly made to pay union wages and then, shocked into action, belatedly took measures to raise productivity. Albert Rees devotes a fair amount of space to this "shock effect" in *The Economics of Trade Unions*, but he plainly views the effect as exceptional and, when it does occur, transitory. Says Rees: "Such large shock effects may be plausible in a few cases where unions are newly established. But it is not plausible to expect them repeatedly as the union wins subsequent wage increases."

Economists have several rather obvious reasons for viewing unionism as an impediment to productivity. First, unions impose work rules that sometimes lead to featherbedding and almost always limit flexibility on the job. Second, unions impose rules that overvalue seniority—that make it difficult for managers to pay and promote on the basis of merit. (Not, as the article on executive compensation on page 42 makes plain, that managers always pay *themselves* on a strict merit basis.) The union emphasis on standard rates also tends to discourage ambitious younger workers from seeking the kind of training that would help them get ahead. Most economists see these deleterious effects as swamping the productivity gains associated with greater mechanization in unionized companies. In addition, most economists would observe that unionism, by depressing wages in the non-union sector, *reduces* mechanization there.

Freeman, Medoff, and several of their colleagues in what has been called "the Harvard School" argue that unionism means higher productivity—perhaps 10% higher on average. Their case, some parts of which have already been stated in FORTUNE (A Difference of Opinion, December 1, 1980), rests partly on the lower quit rates and the efficiencies associated with reduced turnover. In part it rests on a belief that the shock effect is more prevalent than Rees and other economists believe. Freeman and Medoff acknowledge that compensation based on merit is relatively scarce in the unionized sector; however, they argue that workers like the job security provided in union contracts. They also like the unions' standard wage rates. Standardization forestalls suspicion that the boss plays favorites and indulges prejudices in pay and promotion, and the end result of standard rates, they believe, is a more harmonious working environment. All these contentions have been fiercely disputed in several lengthy exchanges between the Harvard School and its adversaries; still, there is now a debate where once there was near unanimity. Commenting recently on one of James Medoff's productivity studies, Albert Rees remarked: "The AFL-CIO should have a statue of him outside their building in Washington."

An inescapable loss

However, the productivity debate is not getting at the ultimate economic question about unions. They might increase productivity on average and still be economically undesirable because they reduce efficiency, producing misallocations of resources in both the union and non-union sectors. Clearly, unionism increases unit costs. Clearly, therefore, it lowers the return to capital in the long run—which is why capital keeps fleeing to the less-unionized Sunbelt. Clearly, such discouragements to investment lower incomes overall. Nobody knows the magnitude of these losses, but everyone—including Freeman and Medoff—agrees that some inescapable loss of wealth is associated with collective bargaining. Our stated public policy is clearly wrong in its factual premises. To make the case for unionism, you would have to go beyond efficiency and bring other values into your equation.

continued

Big government is turning out to be a bit of a competitor for the unions.

Freeman and Medoff are doing this. They appear to be committed egalitarians, and they are trying to build a case that unions are desirable because they reduce the degree of economic inequality in American society. In capsule form, their argument is that the standardized wage rates equalize things within the union sector, and that this effect more than compensates for the acknowledged inequalities created between the union and non-union sectors. The Freeman-Medoff calculations will be on display in a major work, scheduled to be published next year. It is certain to trigger further controversy, not only about their case for unions but about the egalitarian values on which the case depends—notably including the justice of standardized pay for workers of unequal ability and motivation.

Union competitors

Meanwhile, the case for unionism is being weakened by some interesting new non-economic considerations. The unions' dismal recent record in representation elections suggests that many workers who once would have voted overwhelmingly for collective bargaining now view it as unnecessary. Why might workers gravitate to this view? Two possible answers leap to mind: big government and big business.

Big government, whose infinite manifestations came into being with the enthusiastic blessings of organized labor, now turns out to be a bit of a competitor for the unions. Do they promise to improve working conditions? So does the Occupational Safety and Health Administration. Do unions promise to raise the wages of low-income workers? If so, they're competing with the minimum-wage laws, whose coverage has been steadily broadened over the years and which now require $3.35 an hour. Do unions promise to get better pensions for their members? So does the U.S. Department of Labor, which administers the Employee Retirement Income Security Act of 1974 (ERISA), and which is still busily interpreting for employers the numerous pension-related responsibilities imposed on them by the act. The Labor Department and the Equal Employment Opportunity Commission are also available to support workers who believe that they've been discriminated against on the basis of race or sex—which leaves the government again standing on part of the turf long claimed by unions, whose single strongest selling point over the years has been their presumed ability to prevent arbitrary treatment of the individual worker.

The changes in large corporations are harder to evaluate, but to some uncertain extent non-union corporations are manifestly trying harder than they once did to treat employees fairly. Big business takes employee morale seriously these days. Personnel departments are increasingly responding to a "human-relations ideology" that labors to take the rough edges off the company's dealings with workers. In 30% of all non-union companies, some kind of formal grievance procedure is now in place. Professor Fred K. Foulkes of the Boston University School of Management, who has studied the personnel policies of 26 large non-union companies (20 of which were on the FORTUNE 500 in 1975), concluded that these companies were in many ways offering blue-collar workers the best of both worlds. In dealing with pay and benefit issues, and also in setting the rules by which plants were run, many of the companies were to a remarkable degree limiting the freedom of their managers "beyond anything that a union would be able to negotiate." Foulkes observed that the companies had employees whose attitudes retained "some undefined intangibles that . . . relate to morale, trust, confidence, spirit, good faith, an identification with management, and a consequent avoidance of the we-they adversary relationship that can so frequently characterize the union-management relationship."

Presumably, the threat of unionism helps concentrate the minds of the human-relations ideologues. But much of what's involved in all their good works looks simply like modern management. Senior executives want their managers to go by the book, to avoid actions that seem arbitrary, to avoid anything that might poison community relations. Richard Freeman acknowledges that, on average, "non-union big companies generally look more like union companies than they look like small non-union companies." Which may explain why the employees of large companies do not, in general, see a very powerful case for collective bargaining nowadays.

Pussycats and tigers

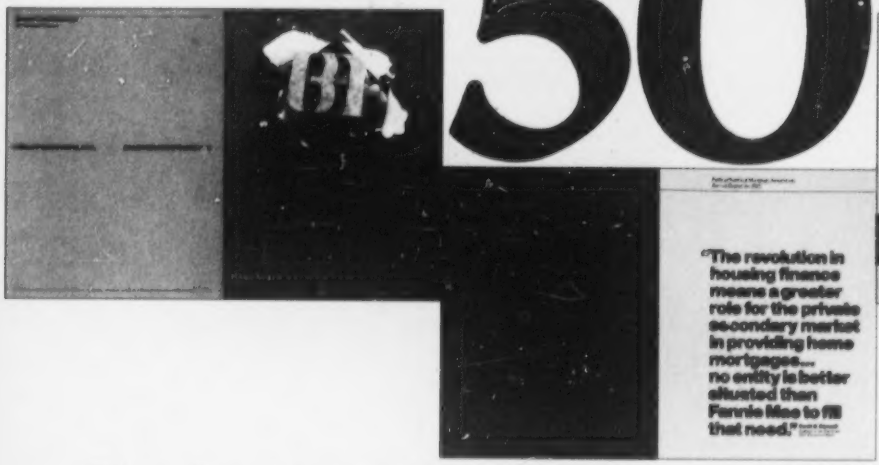
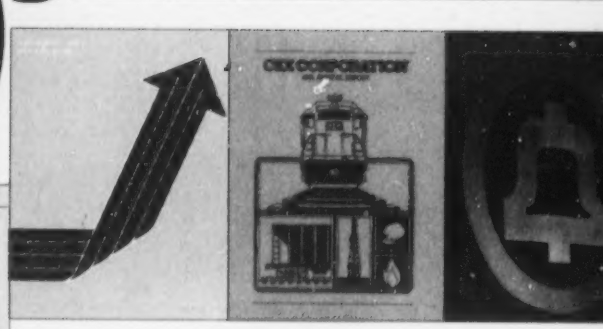
The ultimate question—do we really want to encourage collective bargaining?—could begin to look more interesting in the years ahead. Right now, any notions about changing the basic statutes, and depriving the unions of the monopoly powers they have enjoyed for the past 45 years, have to be thought of as somewhat utopian. But the momentum behind the givebacks may be signaling some larger changes down the road a bit.

Those who believe that the giveback phenomenon is transitory—that at bottom it reflects only the recession—may be in for some surprises. By their analysis, union tigers have often turned into pussycats during recessions, but they always recover their stripes when the economy turns up, and will do so again this time. To say the least, the analysis is incomplete.

The industries now extracting givebacks from organized labor are, by and large, those in which market forces have been fundamentally transformed during the past decade or so. In some cases because of powerful new international competition, in some cases because of deregulation, large chunks of American business have lost a share of the market power they once enjoyed. In the circumstances, they can no longer opt for business as usual in dealing with organized labor's monopolists. The game of excessive wage increases, which are then passed on to consumers, is coming to an end. This stubborn fact, perhaps more than any large new understanding of what unions do to output and employment, might ultimately lead Americans to reconsider whether public policy should promote collective bargaining. F

THE FORTUNE DIRECTORY OF THE LARGEST NON-INDUSTRIAL COMPANIES

The 50s


"The revolution in housing finance means a greater role for the private secondary market in providing home mortgages... no entity is better situated than Fannie Mae to fill that need."


This year FORTUNE presents for the first time a list of the 50 largest diversified service companies in the U.S., a group that is becoming increasingly important as a distinct sector of the economy. What these companies sell is primarily skill, not money, stocks, transportation, gas and electricity, insurance, or consumer goods—the categories covered by FORTUNE's other "50 largest" lists—or the physical objects manufactured or mined by the industrial corporations on the FORTUNE 500 and Second 500.

Of the diverse companies on the list, some distribute raw materials to industry, surgical instruments to hospitals, food to the marketplace, or box-office hits to the neighborhood theater; some design massive industrial complexes, towering skyscrapers, or the house next door; and others broadcast the evening news or deliver business tips to clients. The diversified service companies include a number of the best-known names in American business—CBS (No. 6), American Broadcasting (No. 14), and Walt Disney Productions (No. 44). And they are not small. Only six companies on the list had revenues last year of less than $1 billion.

The 350 non-industrial companies on the diversified service roster and the other "50s" lists on the following pages came through 1981's turbulent economic seas, beset by inflation and recession, far better than the 1,000 largest industrials, whose profits did not keep up with inflation. Earnings of five of the seven non-industrial groups grew 14.8%, well ahead of the 1981 average inflation rate of 10.4% as measured by the consumer price index. (Earnings are not reported for the life-insurance group; comparable 1980 data are not available for the diversified service list.) Astonishingly, the 50 utilities scored their best profit gains since FORTUNE began compiling these lists in 1955.

Investors in the non-industrial stocks came out remarkably well for a recession year. Median total return to investors, including both dividends and price appreciation, was 12.6% for the 276 companies whose stock is actively traded, compared with a negative .35% median return for the FORTUNE 500 and 1.4% for the Second 500.

DIVERSIFIED SERVICE

Phibro Corp., a marketer of commodities, tops the diversified service list with sales of $25 billion. If it were an industrial, this corporation, which merged with the Salomon Bros. investment-banking firm last October, would have been No. 12 on the FORTUNE 500. Second and third behind Phibro are Halliburton (1981 sales: $8.5 billion), an oil-field services company, and Fluor ($6 billion), an engineering and construction outfit.

The 50 diversified service companies as a group performed badly for investors. Five are cooperatives, but of the 45 stock companies, 23 showed declines in total returns to investors. The weakest performer: U.S. Home (No. 45); investors in the giant construction firm were punished with a minus 52.1% return last year. A couple of the stocks on the list were big winners—Univar, a Seattle distributor of industrial chemicals (No. 46), and Subaru of America, which imports and markets Subaru cars and parts (No. 49). For more on the investment performance of diversified service companies, see page 149.

COMMERCIAL BANKING

The 50 top commercial-banking companies didn't quite manage to stay even with inflation in 1981, showing increases of nearly 9% in both assets and net income. In 1980 the companies also failed to achieve real growth in either respect. For the second year in a row, BankAmerica and Citicorp swapped places at the head of the list. BankAmerica, No. 2 in assets in 1980, regained its customary spot as the nation's largest bank, but lost the No. 1 slot in net income to Citicorp.

Twelve banking companies registered decreases in earnings, with Crocker National (No. 13) having a 34.3% decline. In 1981 Crocker lost some $700 million in de-

posits, much of it going to the money-market funds, which, unfettered by regulation, can pay higher rates to investors.

A North Carolina bank, First Union of Charlotte, undertook an aggressive expansion program and achieved the greatest growth in assets. The 61.4% increase pushed First Union into the top 50 for the first time, as No. 49. Another North Carolinian, Wachovia of Winston-Salem (No. 36), posted a 49.2% total return to investors for 1981, the best on the list.

LIFE INSURANCE

Though the 50 largest life insurers set a record in the dollar amount of policies in force, they had a bad year in 1981. In net gains from operations, the insurers recorded the worst figures since 1970. Aggregate net gains for fiscal 1981 dropped 12.4% from 1980, with 24 of the top 50 showing declines. Total assets, which went up 7.5%, shrank slightly in inflation-adjusted terms. The slump, some analysts believe, can be attributed to economic conditions, intense competition, and investors' skepticism about the value of whole-life insurance in inflationary times.

The top 11 companies kept their 1980 rankings, with Prudential still at the head of the pack. The one newcomer on this year's list is Allstate Life, a subsidiary of Sears Roebuck, No. 1 on the retailing list. Allstate's 21.6% increase in assets makes it No. 50, a rank occupied on last year's insurance list by Bankers Life & Casualty.

DIVERSIFIED FINANCIAL

The recession battered the companies on the diversified financial list in 1981. Only 17 of the 50 reported higher profits, and the group's total net income dropped 15.1%, far worse than the previous year's 8.2% slide. But revenues increased 10.9% and assets 12.6%, with the strongest performances coming from the brokerage houses. Donaldson Lufkin & Jenrette (No. 25) posted an increase in earnings of 51.5% and a 1981 total return to investors of 87.6%, the highest among this group.

The bad news comes, of course, from the 17 savings and loan associations on the list. Of these, 16 reported losses in 1981. Money costs soared to new highs as short-term interest rates remained far above the yields on S&L mortgage portfolios, producing operating losses throughout the industry. The S&L that showed a profit is in Los Angeles: Financial Corp. of America, No. 32 (see page 73).

RETAILING

The 50 largest retailing companies recovered admirably in 1981 from a disappointing 1980. Sales reached $221 billion, up 10%. Most remarkable was the jump in net income—14.6%. The improvement can be attributed to cooling inflation, which caused lower than anticipated inventory charges against earnings, and a stronger than expected Christmas selling season. Still, eight companies had lower earnings and two lost money.

Wal-Mart (No. 30) was the fastest-growing company on the list, booking a 49.1% increase in sales. This growth reflects aggressive expansion: Wal-Mart opened 69 new stores and expanded 18 others. Fisher Foods (No. 38), an Ohio supermarket chain, achieved a total return to investors of 75.7% for 1981—the highest total return of any retailer. But this admirable result chiefly came about from the company's spinning off part of its business and recording the proceeds as income.

TRANSPORTATION

The high fliers among the top 50 transportation companies last year were the railroads; the airlines couldn't get off the ground. Railroads did well enough to boost net income for the group 14.2% over 1980 on revenue growth of 6.5%, the lowest since 1970. Of the 12 railroads on the list, only Santa Fe Industries showed a decline in earnings—19.7%. CSX Corp.—successor to Chessie System and Seaboard Coast Line—knocked UAL, parent of United Airlines, out of first place with a 12.2% boost in operating revenues.

Investors in railroads got a good ride, especially with Kansas City Southern Industries (No. 48). An investor who got aboard that railroad ten years ago would have realized a 25.6% total annual return, thanks mostly to strong coal markets.

Three airlines—Texas Air, Ozark Airlines, and World Airways—won places on the list for the first time, as Nos. 31, 45, and 46. But of the 18 passenger airlines, nine lost money and two showed decreases in earnings. The hardest hit, Braniff (No. 19), lost $160.6 million in 1981 and chalked up the worst ten-year total return to investors, minus 16%, foreshadowing the company's collapse in 1982's first half.

UTILITIES

The 50 largest utilities performed better than any other of the non-industrial groups in 1981. Net income skyrocketed 21.5% from the previous year, the strongest performance ever for the utilities list. The improvement can be traced to stabilizing fuel prices, a more generous attitude toward rate increases on the part of regulators—who granted boosts of $8.3 billion in 1981, or $2.4 billion more than in 1980—and a leveling off of construction spending. Assets grew 9.8%, nearly the same as the previous year, and median return on equity reached 13%, a percentage point above 1980.

The one utility that didn't have a reasonably good year was General Public Utilities (No. 19). Still hampered by the financial impact of the 1979 nuclear accident at its Three Mile Island, Pennsylvania, plant, GPU once again showed the worst return on stockholders' equity—zero.

El Paso Natural Gas (No. 35) boasted the highest return on stockholders' equity, 27.7%. The Houston utility's strength comes not only from its main business of natural-gas transmission, but also from a 106% increase in operating income in oil and gas production operations. Like El Paso, Transco (No. 39) is a pipeline company that got a boost from oil and gas exploration and production; the increase in operating earnings from these activities was 129%. This bonanza helped make Transco the most profitable utility for investors, providing a 17.9% annual total return over the last decade. —BRIAN DUMAINE

The 50 Largest DIVERSIFIED SERVICE COMPANIES (ranked by sales)

RANK '81	COMPANY	SALES[1] ($000)	ASSETS ($000)	ASSETS RANK	NET INCOME ($000)	NET INCOME RANK	STOCKHOLDERS' EQUITY ($000)	STOCKHOLDERS' EQUITY RANK
1	**Phibro** (New York)	25,097,700	5,788,000	1	289,300	2	1,477,200	3
2	**Halliburton** (Dallas)	8,508,133	5,579,595	2	674,268	1	3,167,177	1
3	**Fluor** (Irvine, Calif.)[2]	6,073,395	1,427,158	3	159,238	4	1,663,207	2
4	**Super Valu Stores** (Eden Prairie, Minn.)[3]	4,203,665	593,291	29	55,577	22	231,583	30
5	**Foremost-McKesson** (San Francisco)[4]	4,153,345	1,275,067	17	69,255	18	453,988	14
6	**CBS** (New York)	4,027,025	2,425,599	5	163,811	3	1,246,763	4
7	**Fleming Companies** (Oklahoma City)	3,398,603	411,165	36	25,071	32	153,455	35
8	**Tesoro Petroleum** (San Antonio)[5]	3,064,542	760,412	25	80,230	14	444,800	15
9	**AGRI Industries** (West Des Moines, Iowa)[6]	2,915,014	264,286	43	3,349	48	61,554	46
10	**American Hospital Supply** (Evanston)	2,870,059	1,770,180	7	146,634	5	1,025,966	6
11	**Associated Milk Producers** (San Antonio)[6]	2,632,894	350,500	40	4,956	47	98,747	41
12	**Alco Standard** (Valley Forge, Pa.)[5]	2,521,661	909,318	21	57,797	21	304,599	23
13	**Grain Terminal Association** (St. Paul)[6,7]	2,448,530	564,657	31	19,633	34	186,275	31
14	**American Broadcasting** (New York)	2,443,713	1,588,349	10	146,313	6	975,443	7
15	**IU International** (Wilmington)	2,323,197	1,440,534	12	74,932[**]	16	326,279	23
16	**Pittston** (Greenwich, Conn.)	2,228,480	1,343,558	15	42,729	25	669,329	11
17	**Amfac** (Honolulu)	2,148,008	1,371,623	13	44,208	24	482,025	13
18	**Malone & Hyde** (Memphis)[8]	2,146,587	405,156	38	18,386	35	157,387	33
19	**Hospital Corp. of America** (Nashville)	2,063,637	2,958,156	4	111,131	10	767,600	10
20	**Morrison-Knudsen** (Boise)	2,058,331	787,053	24	37,104	27	265,541	27
21	**Turner Construction** (New York)	1,953,040	411,253	35	9,588	44	39,668	48
22	**Ryder System** (Miami)	1,946,456	1,759,471	8	74,031	17	490,152	12
23	**Petrolane** (Long Beach, Calif.)[5]	1,878,085	923,246	19	99,275	11	435,387	17
24	**Holiday Inns** (Memphis)	1,765,110	1,815,365	9	137,356	7	772,377	9
25	**Foster Wheeler** (Livingston, N.J.)	1,674,000	718,153	28	64,302	19	330,597	20
26	**Dillingham** (Honolulu)	1,627,205	835,330	23	30,069	29	352,157	19
27	**Genuine Parts** (Atlanta)	1,584,642	585,282	30	77,543	15	410,689	18
28	**Dravo** (Pittsburgh)	1,511,908	719,983	27	17,320	36	254,077	29
29	**Wetterau** (Hazelwood, Mo.)[4]	1,503,223	307,439	42	6,088	38	104,150	40
30	**Sysco** (Houston)[8,*]	1,382,204	332,422	41	26,812	30	153,762	34
31	**GDV** (New York)[9]	1,347,803	1,338,000	16	7,959	46	328,969	21
32	**Humana** (Louisville)[10]	1,342,906	1,502,232	11	93,177	12	297,314	26
33	**Commercial Metals** (Dallas)[10]	1,336,634	240,826	45	11,245	42	105,951	39
34	**Dun & Bradstreet** (New York)	1,331,035	905,691	22	121,474	9	435,620	16
35	**MCA** (Universal City, Calif.)	1,328,988	1,367,699	14	89,788	13	928,792	8
36	**S.M. Flickinger** (Buffalo)[11]	1,197,770	142,216	47	9,080	45	60,597	47
37	**Parsons** (Pasadena)	1,184,473	414,275	33	37,153	26	149,896	36
38	**Fischbach** (New York)[5]	1,118,865	436,373	32	22,222	33	134,248	38
39	**Centex** (Dallas)[4]	1,094,057	918,032	20	62,405	20	300,786	25
40	**Raymond International** (Houston)	1,091,935	412,096	34	15,848	39	146,543	37
41	**Dairymen** (Louisville)[6,10]	1,085,227	230,165	46	13,727	40	75,280	44
42	**Universal Leaf Tobacco** (Richmond)[12]	1,041,835	405,779	37	31,272	28	178,868	32
43	**Super Food Services** (Dayton, Ohio)[10]	1,037,179	128,654	49	3,336	49	29,687	50
44	**Walt Disney Productions** (Burbank, Calif.)[5]	1,005,040	1,610,009	9	121,480	8	1,167,118	5
45	**U.S. Home** (Houston)	982,229	754,517	26	10,017[**]	43	263,814	28
46	**Univar** (Seattle)[3]	970,245	365,071	39	17,062	37	99,319	42
47	**Landmark** (Columbus)[6,10]	958,612	104,500	50	(22,168)[$]	50	31,100	49
48	**CFS Continental** (Chicago)[5]	930,045	249,121	44	11,490	41	91,791	43
49	**Subaru of America** (Pennsauken, N.J.)[2]	916,080	134,110	48	26,285	31	66,737	45
50	**American Medical International** (Beverly Hills)[10]	913,536	984,149	18	50,807	23	326,619	22
	TOTALS	**126,367,086**	**56,065,759**		**3,510,867**		**22,724,923**	

THE DEFINITIONS AND CONCEPTS UNDERLYING THE FIGURES IN THIS DIRECTORY ARE EXPLAINED ON PAGE 146.

N.A. Not available.

[1]Net sales include all operating revenues and revenues from discontinued operations when they are published. All figures are for the fiscal year ending December 31,1981, unless otherwise noted. Sales of subsidiaries are included when they are consolidated. All companies on the list must have derived more than 50% of their revenues from wholesaling, oil and gas field services, contract construction, broadcasting, or other service businesses.

[2]Figures are for fiscal year ending October 31, 1981.

[3]Figures are for fiscal year ending February 28, 1981.

[4]Figures are for fiscal year ending March 31, 1981.

[5]Figures are for fiscal year ending September 30, 1981.

[6]Company is a cooperative. Primary earnings per common share not available.

[7]Figures are for fiscal year ending May 31, 1981.

EMPLOYEES NUMBER	RANK	NET INCOME AS PERCENT OF SALES %	RANK	EQUITY %	RANK	EARNINGS PER SHARE '81($)	'80($)	'71($)	GROWTH RATE 1971-81 %	RANK	TOTAL RETURN TO INVESTORS 1981 %	RANK	1971-81 AVERAGE %	RANK
6,950	33	1.2	36	19.6	11	4.23	6.67	0.46‡	24.84	4	(31.91)	36	16.00	15
109,268	1	7.9	3	21.3	9	5.72	4.25	0.54	26.62	3	(36.02)	38	16.64	12
44,170	3	2.6	21	9.5	41	2.83	2.73	0.26	26.96	2	(48.67)	43	23.00	4
18,511	19	1.3	33	24.0	6	3.05	2.50	0.52	19.35	14	36.61	6	22.30	5
16,700	21	1.7	31	15.3	25	4.33	4.43	1.02‡	15.56	21	23.41	9	10.47	24
23,846	14	4.1	14	13.1	32	5.86	6.92	2.01‡	11.29	31	5.36	33	4.69	31
9,070	31	0.7	44	16.3	22	3.43	3.25	2.14	4.83	39	5.55	17	13.74	19
2,500	44	2.6	22	18.0	16	4.84	7.15	1.02	16.85	19	(5.47)	24	2.96	33
675†	49	0.1	49	5.4	46	N.A.	N.A.	N.A.	—		—		—	
35,000	6	5.1	12	14.3	30	3.08	3.03	0.85	13.74	26	(18.11)	32	1.26	38
3,700	42	0.2	48	5.0	47	N.A.	N.A.	N.A.	—		—		—	
18,700	18	2.3	23	19.0	13	2.88	2.63	0.84	13.11	30	19.10	12	13.78	18
4,103	39	0.8	42	10.5	38	N.A.	N.A.	N.A.	—		—		—	
13,600	25	6.0	7	15.0	27	5.13	5.18	0.62‡	23.53	5	32.47	7	10.71	22
35,000	7	3.2	17	23.0	7	3.35**	5.25‡	1.64	7.40	38	(15.14)	30	3.94	32
16,200	22	1.9	27	6.4	45	1.13	2.02	1.17**	(0.35)	42	3.24	21	6.28	28
24,000	13	2.1	24	9.2	42	3.04	5.37	1.92	4.70	40	4.41	19	2.42	36
8,050	32	0.9	40	11.7	34	2.33	3.26	0.95	9.39	36	(26.62)	35	2.29	37
75,000	2	5.4	10	14.5	29	2.23	1.73	0.32	21.43	11	(4.41)	23	15.35	16
26,837	9	1.8	29	14.0	31	3.66	3.50	0.69	18.16	16	(39.82)	41	20.55	7
2,500	45	0.5	46	24.4	5	4.65	3.97**	1.28	13.77	27	28.47	8	18.40	8
19,227	15	3.6	16	15.1	26	3.84	3.21	0.96	14.87	24	15.59	14	2.44	35
18,755	17	5.3	11	22.8	8	1.90	1.47	0.31	19.88	13	(32.76)	37	11.86	21
43,249	4	7.8	4	17.8	17	3.66	2.92	1.41	10.01	35	6.40	16	(2.03)	42
19,000	16	3.8	15	19.5	12	1.87	1.74	0.23	23.31	6	(38.53)	39	21.68	6
14,000	23	1.9	28	8.8	43	1.99	2.80	0.35**	18.98	15	96.31	3	17.57	11
11,732	29	4.9	13	18.9	14	2.80	2.46	0.71	14.71	25	23.34	10	5.40	30
13,600	26	1.1	37	6.8	44	1.31	1.69	0.87	4.18	41	(44.37)	42	10.05	25
4,625	38	1.1	38	15.4	24	2.13	1.83	0.77	10.71	33	(14.62)	29	(0.22)	40
6,000	36	1.9	26	17.4	19	2.82	2.19	0.64	15.99	20	50.57	5	15.04	17
25,500	11	0.6	45	2.4	49	0.39	1.82	1.99	(15.04)	44	—		—	
40,400	5	6.9	5	31.3	2	2.33	1.54	0.06‡	44.19	1	(0.24)	22	24.91	2
2,779	43	0.8	41	10.6	37	2.53	4.13	0.39	20.56	12	(11.77)	28	16.53	14
26,117	10	9.1	2	27.9	3	4.33	3.68	1.16	14.08	26	14.53	15	9.95	26
17,000	20	6.8	6	9.7	40	3.77	5.83	0.77	17.22	17	(10.44)	27	18.10	9
6,353	35	0.8	43	15.0	28	3.09	2.57	0.89	13.25	29	18.54	13	12.78	20
9,600	30	3.1	18	24.8	4	3.02	2.21	0.40	22.40	8	(17.06)	31	24.37	3
12,000†	27	2.0	25	16.6	21	6.59	4.62	2.32	11.00	32	21.83	11	2.69	34
6,500	34	5.7	8	20.7	10	5.16	2.90	0.67	22.65	7	(38.82)	40	(1.37)	41
12,000	28	1.5	32	10.8	36	2.66	1.23	0.37	21.81	9	(21.37)	34	16.55	13
5,482	37	1.3	34	18.2	15	N.A.	N.A.	N.A.	—		—		—	
14,000†	24	3.0	19	17.5	18	3.55	3.20	0.85	15.37	22	(20.56)	33	18.06	10
1,835	47	0.3	47	11.2	35	1.74	1.70	0.78	8.35	37	(5.90)	25	9.74	27
25,000	12	12.1	1	10.4	39	3.72	4.16	0.92	14.99	23	3.90	20	6.19	29
2,366	46	1.0	39	3.8	48	0.69**	3.32	1.58	(7.95)	43	(52.13)	44	(2.05)	43
3,858	41	1.8	30	17.4	20	2.65	2.35	0.38	21.44	10	122.75	1	25.84	1
1,600	48					N.A.	N.A.	N.A.	—		—		—	
4,000	40	1.2	35	12.5	33	2.12	1.60	0.78	10.52	34	62.28	4	1.21	39
515	50	2.9	20	39.4	1	4.36	2.95	N.A.	—		113.97	2	—	
27,000	8	5.6	9	15.6	23	1.60	1.41	0.33	17.10	18	(6.64)	26	10.65	23
888,540														

*Figures are for fiscal year ending June 27, 1981.
**GDV is 98% owned by City Investing.
†Figures are for fiscal year ending August 31, 1981.
††Figures are for fiscal year ending July 25, 1981.
‡Figures are for fiscal year ending June 30, 1981.

The 50 Largest COMMERCIAL-BANKING COMPANIES (ranked by assets)

RANK '81	RANK '80	COMPANY	ASSETS[1] ($000)	DEPOSITS ($000)	DEPOSITS RANK	LOANS[2] ($000)	LOANS RANK	EMPLOYEES NUMBER	EMPLOYEES RANK
1	2	**BankAmerica Corp.** (San Francisco)	121,158,350	94,369,453	1	71,236,237	2	87,508	1
2	1	**Citicorp** (New York)	119,232,000	72,125,000	2	77,139,000	1	58,200	2
3	3	**Chase Manhattan Corp.** (New York)	77,839,338	55,299,670	3	50,459,433	3	34,150	3
4	4	**Manufacturers Hanover Corp.** (New York)	59,108,519	42,462,035	4	37,448,484	4	26,219	6
5	5	**J.P. Morgan & Co.** (New York)	53,522,000	36,024,000	5	28,220,000	6	12,062	14
6	6	**Continental Illinois Corp.** (Chicago)	46,971,755	29,594,005	6	31,463,328	5	12,713	11
7	7	**Chemical New York Corp.**	44,916,933	29,429,577	7	27,789,275	7	19,713	7
8	9	**First Interstate Bancorp.** (Los Angeles)[3]	36,982,091	27,407,174	8	20,795,103	9	31,197	4
9	8	**Bankers Trust New York Corp.**	34,213,010	23,345,022	11	18,504,025	11	12,397	13
10	10	**First Chicago Corp.**	33,562,442	25,554,923	9	20,020,357	10	11,083	15
11	11	**Security Pacific Corp.** (Los Angeles)	32,999,142	23,446,393	10	21,521,100	8	26,441†	5
12	12	**Wells Fargo & Co.** (San Francisco)	23,219,189	16,853,927	12	16,936,490	12	15,190	8
13	13	**Crocker National Corp.** (San Francisco)	22,494,462	16,494,955	13	14,003,786	13	16,700	9
14	15	**Marine Midland Banks** (Buffalo)[4]	18,682,474	14,095,704	14	10,799,319	14	10,638†	16
15	16	**Mellon National Corp.** (Pittsburgh)	18,447,860	11,837,760	17	9,793,649	17	7,195†	25
16	14	**Irving Bank Corp.** (New York)	18,227,220	14,006,245	15	9,826,780	16	9,700	18
17	19	**Interfirst Corp.** (Dallas)[5]	17,318,000	12,559,000	16	9,851,000	15	7,064†	26
18	17	**First National Boston Corp.**	16,809,052	11,019,908	20	9,085,367	18	12,600	12
19	18	**Northwest Bancorp.** (Minneapolis)	15,141,380	11,386,218	18	8,639,829	19	13,500	10
20	20	**First Bank System** (Minneapolis)	14,911,285	11,022,734	19	7,842,793	20	10,036	17
21	22	**Texas Commerce Bancshares** (Houston)	14,511,591	10,528,654	22	7,682,156	22	6,874	28
22	21	**Republic of Texas Corp.** (Dallas)	14,441,096	10,086,276	23	7,781,972	21	6,684	30
23	23	**First City Bancorp. of Texas** (Houston)	14,291,097	10,859,113	21	7,347,617	23	7,489	23
24	24	**NBD Bancorp** (Detroit)[6]	12,144,873	8,655,694	24	5,600,915	26	6,723	29
25	25	**Bank of New York Co.**	11,462,995	8,079,888	26	6,925,465	25	8,042	19
26	26	**Seafirst Corp.** (Seattle)	10,747,100	8,149,026	25	7,017,108	24	7,967	20
27	27	**European American Bancorp** (New York)	8,145,537	5,865,999	27	5,206,979	27	4,479	40
28	28	**NCNB Corp.** (Charlotte)	7,724,381	5,223,402	29	3,757,687	33	5,018	36
29	31	**Republic New York Corp.**	7,706,891	5,250,941	28	2,814,992	44	2,500	50
30	30	**Harris Bankcorp.** (Chicago)	7,488,029	4,574,480	37	3,922,354	31	3,757	46
31	32	**Pittsburgh National Corp.**	6,934,537	4,440,775	40	3,457,931	36	3,577	48
32	29	**Union Bank** (Los Angeles)[7]	6,895,367	5,206,310	30	4,110,016	29	5,869	33
33	44	**Mercantile Texas Corp.** (Dallas)	6,870,165	4,720,714	36	4,270,835	28	4,429	41
34	34	**Southeast Banking Corp.** (Miami)	6,453,271	4,969,919	33	3,072,221	41	7,001	27
35	33	**Philadelphia National Corp.**	6,297,071	4,402,599	41	3,326,275	38	4,903	37
36	40	**Wachovia Corp.** (Winston-Salem)	6,265,890	4,487,701	38	3,274,998	40	6,183	31
37	35	**Northern Trust Corp.** (Chicago)	6,237,616	4,314,383	43	3,306,999	39	3,982	44
38	36	**Michigan National Corp.** (Bloomfield Hills, Mich.)	6,228,956	5,108,647	31	3,960,975	30	7,300	22
39	39	**DETROITBANK Corp.**	6,154,170	4,785,581	34	2,708,717	47	4,367	42
40	37	**Valley National Corp.** (Phoenix)[8]	6,136,387	5,027,252	32	3,839,038	32	7,224	24
41	38	**National Bank of North America** (New York)[10]	5,969,291	4,725,764	35	3,522,131	35	4,733	39
42	45	**Rainier Bancorp.** (Seattle)	5,619,372	4,318,239	42	3,454,298	37	5,570	35
43	47	**U.S. Bancorp.** (Portland, Ore.)	5,655,994	3,933,681	46	3,595,390	34	5,643	34
44	41	**Ameritrust Corp.** (Cleveland)	5,529,552	4,079,226	45	2,967,919	43	4,350	43
45	46	**BancOhio Corp.** (Columbus)	5,511,428	4,157,275	44	2,779,315	46	5,874	32
46	•	**Barnett Banks of Florida** (Jacksonville)	5,504,347	4,452,989	39	2,799,451	45	7,650	21
47	43	**National City Corp.** (Cleveland)	5,387,906	3,437,895	49	2,275,769	50	3,377	49
48	•	**Centerre Bancorp.** (St. Louis)[11]	5,334,777	3,537,043	47	2,653,266	48	3,586†	47
49	•	**First Union Corp.** (Charlotte)	5,296,955	3,260,594	50	2,644,421	49	4,800	38
50	42	**First Pennsylvania Corp.** (Philadelphia)	5,257,234	3,525,395	48	3,037,255	42	3,865	45
		TOTALS	**1,054,160,378**	**742,499,178**		**624,489,886**		**601,402**	

N.A. Not available.

•Not on last year's list.

†As of December 31, 1981.

[1]Net of unearned discount and loan loss reserve. Figure does not include direct lease financing.

[2]Named changed from Western Bancorp. on June 1, 1981.

[3]Company is 51% owned by Hongkong & Shanghai Banking Corp. (No. 29 among the 1980 Commercial-Banking companies outside the U.S.)

[4]Name changed from First International Bancshares on December 31, 1981.

[5]Name changed from National Detroit Corp. on May 1, 1981.

[6]Company is wholly owned by Standard Chartered Bank Ltd. (No. 46 among the 1980 Commercial-Banking companies outside the U.S.)

[7]Figure is for Michigan National Bank (Lansing).

[8]Name changed from Valley National Bank of Arizona on April 14, 1981.

NET INCOME ($000)	RANK	STOCKHOLDERS' EQUITY ($000)	RANK	NET INCOME AS PERCENT OF EQUITY %	RANK	EARNINGS PER SHARE '81($)	'80($)	'71($)	GROWTH RATE: 1971-81 %	RANK	TOTAL RETURN TO INVESTORS 1981 %	RANK	1971-81 AVERAGE %	RANK
445,443	2	4,090,644	2	10.9	36	3.02	4.38	1.33	8.55	28	(24.79)	46	5.89	31
531,000	1	4,281,000	1	12.4	28	4.20	4.02	1.55	10.48	19	10.40	30	4.67	37
412,150	3	2,717,699	3	15.2	12	11.56	10.15	4.43	10.07	23	18.40	19	5.54	34
252,117	6	1,900,287	5	13.3	21	7.48	6.87	2.86	10.09	22	17.08	21	6.47	28
347,700	4	2,420,000	4	14.4	18	8.44	8.33	3.13	10.43	20	10.12	31	7.88	20
254,623	5	1,710,692	6	14.9	13	6.44	5.75	2.06	12.07	13	11.93	29	10.99	10
215,039	8	1,501,625	8	14.3	20	13.06	11.05	5.22	9.60	25	36.67	3	7.35	24
236,113	7	1,597,834	7	14.8	14	5.83	5.70	1.98	11.40	14	4.83	35	10.03	12
187,980	10	1,180,558	11	15.9	7	6.89	8.65	2.52	10.58	18	15.71	23	9.77	13
118,709	16	1,271,861	10	9.3	43	2.98	1.59	1.79	5.23	40	30.89	11	5.02	35
206,446	9	1,323,202	9	15.6	9	7.05	6.55	2.13	12.71	10	24.80	15	11.93	9
123,988	14	1,020,932	13	12.1	29	5.33	5.33	1.59	12.86	9	(3.79)	42	7.53	22
62,901	29	1,040,059	12	6.0	48	4.02	6.76	3.48	1.45	46	(11.18)	44	5.66	33
81,279	23	819,335	19	9.9	41	4.24	3.89**	3.42	2.17	45	35.83	4	3.62	40
115,511	18	976,562	14	11.8	30	5.88	5.73	2.26	10.03	24	22.33	16	9.57	15
97,012	20	639,152	24	15.2	11	11.02	9.70	3.22	13.09	8	14.34	24	11.94	8
147,000	11	854,000	16	17.2	5	3.76	2.83	0.80	16.74	3	12.55	27	12.41	6
118,616	17	820,532	18	14.5	17	9.38	8.22	3.80	9.46	26	35.08	5	9.43	16
100,128	19	868,416	15	11.5	32	3.85	4.39	1.64	8.91	27	(12.21)	45	6.43	29
90,780	21	845,928	17	11.4	33	6.38	7.42	3.13	7.38	31	(6.44)	43	3.03	42
137,511	12	712,287	21	19.3	2	4.49	3.48	0.89	17.57	2	21.68	17	16.45	2
120,037	15	719,720	20	16.7	6	5.01	4.01	1.13	16.06	5	33.39	7	12.28	7
128,961	13	712,070	22	18.1	3	4.22	3.31	0.94	16.20	4	28.19	13	14.10	4
65,173	26	698,228	23	9.3	42	5.31	6.08	3.10	5.53	38	6.21	33	6.53	27
58,164	30	444,217	27	13.1	26	8.50	6.53‡	4.58	6.38	35	32.16	8	7.11	25
82,123	22	567,267	25	14.5	16	5.27	4.48	1.64	12.38	12	4.64	36	9.22	17
33,287	43	335,164	41	9.9	40	N.A.	N.A.	N.A.	—		—		—	
60,517**	25	432,384	28	15.4	10	3.22**	2.60	1.20	10.37	21	16.27	22	(0.58)	45
67,866	24	309,035	47	22.0	1	5.60	5.15	0.90	20.06	1	27.88	14	19.65	1
29,653	46	359,907	36	8.3	47	4.38	4.51	2.59	5.39	39	14.05	25	5.89	32
57,397	32	389,011	31	14.8	15	4.63	3.89	1.67	10.74	17	29.47	12	10.11	11
29,368	47	329,241	44	8.9	45	N.A.	N.A.	N.A.	—		—		—	
62,974	28	360,356	35	17.5	4	3.67	2.99	1.02	13.66	7	31.97	9	—	
49,285	35	373,840	34	13.2	23	3.15	3.23	1.60	7.01	33	(1.91)	40	1.03	44
35,679	40	351,663	38	10.1	39	6.13	6.89	4.38	3.42	44	3.16	37	4.19	39
51,842	34	395,334	30	13.1	25	3.23	3.08	1.99	4.96	42	49.23	1	3.55	41
35,155	41	318,249	45	11.0	34	7.31	6.51	3.49	7.67	30	17.87	20	4.68	36
37,866	39	344,944	40	11.0	35	3.51	3.72	1.56[9]	8.45	29	35.05	6	9.68	14
30,348	45	334,203	42	9.1	44	3.75	4.19	2.16	5.67	37	13.09	26	9.04	18
54,481	33	379,954	32	14.3	19	3.24	3.51	1.11	11.31	15	0.40	39	6.77	26
12,757	49	354,165	37	3.6	49	N.A.	N.A.	N.A.	—		—		—	
43,866	36	332,125	43	13.2	22	4.66	4.15	1.45	12.38	11	12.32	28	12.46	5
84,526	27	413,156	29	15.6	8	3.60	3.22	0.92	14.62	6	6.49	32	14.13	3
58,085	31	566,233	26	10.3	38	6.29	5.62	3.21	6.96	34	5.50	34	7.50	23
27,422	48	313,529	46	8.7	46	3.41	0.99	2.35	3.79	43	2.05	38	2.07	43
41,181	37	349,024	39	11.8	31	3.04	2.95	1.09	10.80	16	20.13	18	7.82	21
40,010	38	379,189	33	10.6	37	5.11	5.97	3.10	5.12	41	(2.94)	41	6.32	30
34,946	42	279,104	48	12.5	27	4.61	4.37	2.30	7.20	32	31.85	10	8.38	19
32,085**	44	243,638	49	13.2	24	3.43**	3.89	1.95	5.81	36	43.94	2	4.54	38
296**	50	216,612	50	0.1	50	0.02**	(10.47)	2.77	(38.93)	47	(30.59)	47	(16.52)	46
5,739,596		**44,194,167**												

[9]Company is wholly owned by National Westminster Bank (No. 8 among the 1980 Commercial-Banking companies outside the U.S.).

[11]Name changed from First Union Bancorp. on January 4, 1982.

The 50 Largest LIFE-INSURANCE COMPANIES (ranked by assets)

RANK '81	RANK '80	COMPANY	ASSETS[1] ($000)	PREMIUM & ANNUITY INCOME[2] ($000)	PREMIUM & ANNUITY INCOME[2] RANK	NET INVESTMENT INCOME ($000)	NET INVESTMENT INCOME RANK
1	1	**Prudential** (Newark)*	62,498,540	9,935,180	1	3,744,666	2
2	2	**Metropolitan** (New York)*	51,757,845	5,131,318	2	3,855,375	1
3	3	**Equitable Life Assurance** (New York)*	36,758,160	2,400,771	8	2,223,669	3
4	4	**Aetna Life** (Hartford)[7]	25,158,904	4,440,322	3	1,504,769	4
5	5	**New York Life***	21,041,380	2,637,020	6	1,503,589	5
6	6	**John Hancock Mutual** (Boston)*	19,936,798	2,425,567	7	1,332,930	6
7	7	**Connecticut General Life** (Bloomfield)[18]	15,103,332	2,810,410	5	1,071,693	8
8	8	**Travelers** (Hartford)[8]	14,803,166	4,399,880	4	1,112,284	7
9	9	**Northwestern Mutual** (Milwaukee)*	12,154,318	1,244,436	12	840,946	10
10	10	**Teachers Insurance & Annuity** (New York)	11,439,344	1,791,958	9	1,017,409	9
11	11	**Massachusetts Mutual** (Springfield)*	10,022,231	1,224,967	14	669,255	11
12	13	**Bankers Life** (Des Moines)*	8,765,096	1,533,098	10	664,343	12
13	12	**Mutual of New York**	8,388,961	785,245	20	601,307	13
14	14	**New England Mutual** (Boston)	7,273,819	1,101,205	17	519,974	14
15	15	**Mutual Benefit** (Newark)*	6,619,044	1,158,830	16	476,141	15
16	16	**Connecticut Mutual** (Hartford)*	5,818,322	711,254	21	405,264	16
17	17	**Lincoln National Life** (Fort Wayne, Ind.)[9]	5,038,853	1,194,854	15	340,203	17
18	18	**Penn Mutual** (Philadelphia)*	3,963,402	398,408	31	262,773	19
19	19	**State Farm Life** (Bloomington, Ill.)	3,759,829	596,738	27	283,699	18
20	22	**Phoenix Mutual** (Hartford)*	3,352,372	617,779	23	227,054	22
21	20	**Continental Assurance** (Chicago)[10]	3,323,163	937,429	18	160,974	33
22	21	**Western & Southern** (Cincinnati)*	3,210,187	276,399	44	229,442	21
23	23	**National Life & Accident** (Nashville)	3,021,702	379,081	34	232,698	20
24	24	**Pacific Mutual** (Newport Beach, Calif.)*	2,984,715	685,603	22	212,831	23
25	30	**Nationwide Life** (Columbus, Ohio)	2,766,057	610,308	26	127,585	44
26	25	**Transamerica Occidental Life** (Los Angeles)[11]	2,601,874	1,236,876	13	159,828	34
27	28	**National Life** (Montpelier, Vt.)*	2,576,085	204,635	46	167,862	30
28	27	**Franklin Life** (Springfield, Ill.)[12]	2,569,738	272,263	45	191,761	24
29	29	**State Mutual of America** (Worcester, Mass.)	2,551,755	466,429	28	187,586	25
30	26	**American National** (Galveston)	2,520,231	371,059	35	177,098	28
31	34	**Union Mutual** (Portland, Me.)	2,148,510	417,756	29	177,985	27
32	41	**IDS Life** (Minneapolis)[13]	2,063,810	307,124	38	168,559	29
33	31	**Guardian of America** (New York)*	2,054,354	395,647	32	161,128	32
34	39	**Aetna Life & Annuity** (Hartford)[7]	2,036,236	415,168	30	108,766	48
35	43	**Variable Annuity Life** (Houston)[14]	2,034,997	358,489	36	165,283	31
36	32	**Provident Mutual** (Philadelphia)*	2,027,531	196,927	47	140,927	38
37	33	**Home Life** (New York)*	1,992,716	303,557	41	135,694	40
38	35	**Provident Life & Accident** (Chattanooga)	1,951,240	801,686	19	128,064	42
39	37	**Minnesota Mutual Life** (St. Paul)	1,933,112	386,693	33	127,633	43
40	38	**United of Omaha Life** (Omaha)	1,932,884	305,048	39	148,495	36
41	40	**General American Life** (St. Louis)*	1,929,053	611,744	25	141,536	37
42	36	**Southwestern Life** (Dallas)[15]	1,829,674	281,352	43	135,838	39
43	44	**Northwestern National** (Minneapolis)	1,714,446	343,255	37	111,082	46
44	47	**Liberty National** (Birmingham, Ala.)	1,665,575	282,237	42	101,260	50
45	42	**Anchor National** (Los Angeles)	1,656,872	171,187	49	178,278	26
46	46	**Capitol Life** (Denver)[16]	1,648,060	1,273,990	11	151,073	35
47	45	**Jefferson Standard** (Greensboro, N.C.)	1,645,171	149,089	50	129,553	41
48	49	**American United Life** (Indianapolis)*	1,582,701	303,868	40	125,385	45
49	48	**Life Insurance of Virginia** (Richmond)	1,542,040	175,903	48	109,895	47
50	•	**Allstate Life** (Northbrook, Ill.)[17]	1,432,488	614,575	24	106,661	49
		TOTALS	**398,600,695**	**60,074,619**		**27,256,703**	

Data for all companies are on the "statutory" accounting basis required by state insurance regulatory authorities.

•Not on last year's list

*A mutual company

N.A. Not available

[1]As of December 31, 1981

[2]Includes premium income from life, accident, and health policies, from annuities, and from contributions to deposit administration funds.

[3]After dividends to policyholders and federal income taxes, excluding capital gains and losses. Figures in parentheses indicate a loss.

[4]Face value of life policies as of December 31, 1981.

[5]Change between December 31, 1980, and December 31, 1981.

[6]Includes home office, field force, and full-time agents.

[7]Company is wholly owned by Aetna Life & Casualty (No. 2 on the Diversified Financial list).

[8]Company is wholly owned by Travelers Corp. (No. 4 on the Diversified Financial list).

NET GAIN FROM OPERATIONS[3] ($000)	MUTUAL	STOCK	LIFE INSURANCE IN FORCE[4] ($000)	RANK	INCREASE IN LIFE INSURANCE IN FORCE[5] ($000)	RANK	PERCENT OF INCREASE	RANK	EMPLOYEES[6] NUMBER	RANK
34,100	11		456,174,632	1	49,602,809	2	12.2	30	62,817	1
371,426	1		393,590,726	2	44,398,406	3	12.7	27	44,000	2
79,622	5		223,874,676	3	26,536,418	4	13.4	23	26,485	4
224,435		1	163,873,853	4	19,659,044	5	13.6	22	16,690	7
193,901	2		137,456,394	6	14,692,100	6	12.0	31	18,755	6
119,546	3		145,609,204	5	11,905,725	9	8.9	39	20,424	5
158,671		3	90,809,773	9	10,407,000	10	13.0	24	14,909	9
159,168		2	116,498,216	8	12,095,867	8	11.6	32	41,234	3
101,550	4		70,133,741	11	8,825,280	11	14.4	20	6,798	17
5,056		23	9,072,396	45	1,485,321	33	19.6	10	1,897	40
77,532	6		55,978,807	13	5,044,010	21	9.9	36	10,428	11
10,340	20		42,680,898	17	7,629,688	12	21.8	8	6,266	18
14,920	18		42,827,888	16	4,859,234	22	12.8	26	8,055	12
35,235	10		34,991,635	19	3,319,000	28	10.0	35	7,913	13
39,924	8		46,732,485	14	6,491,304	15	16.1	14	5,631	21
38,907	9		29,553,555	24	3,330,154	27	12.7	28	4,878	23
42,665		12	72,627,629	10	12,696,157	7	21.2	9	5,490	22
27,826	12		19,407,860	28	1,346,269	37	7.5	40	3,965	26
91,552		4	58,479,552	12	7,523,614	13	14.8	16	16,336	8
(4,276)	25		33,513,245	20	4,453,490	23	15.3	15	3,322	31
3,632		25	28,804,867	26	1,013,435	41	3.6	47	N A	
53,935	7		15,282,409	36	866,504	43	6.0	43	7,525	15
87,913		5	17,836,947	31	1,197,922	39	7.2	41	7,373	16
24,992	13		19,096,246	29	514,656	47	2.8	48	3,221	32
7,898		22	14,913,866	38	1,311,350	38	9.6	37	6,158	20
31,773		16	123,624,304	7	55,658,623	1	81.9	3	6,202	19
6,307	24		11,296,384	43	752,935	44	7.1	42	2,330	37
77,284		6	16,419,411	34	920,423	42	5.9	44	3,376	30
16,880	17		16,813,247	33	2,340,502	30	16.2	13	2,878	34
49,887		11	17,516,380	32	693,328	45	4.1	45	7,714	14
6,907	23		5,716,330	48	636,931	46	12.5	29	2,417	36
16,878		18	11,552,183	42	1,469,436	34	14.6	18	3,704	28
9,778	21		21,263,037	27	2,059,979	31	10.7	34	3,592	29
14,801		20	3,513,443	49	3,513,123	26	850.9	1	1,601	43
8,888		21	6	50		50		50	766	46
17,462	16		12,620,705	39	1,458,810	35	12.8	25	2,224	38
20,524	14		16,391,786	35	1,371,626	36	9.1	38	2,800	35
50,803		10	38,499,425	18	5,360,134	19	16.2	12	3,997	25
18,992	15		43,481,070	15	5,542,079	17	14.6	17	3,881	27
16,815		19	32,479,702	21	6,710,155	14	26.0	5	11,981	10
13,350	19		29,125,272	25	5,389,571	18	22.7	7	2,998	33
58,357		7	10,760,632	44	1,071,263	40	11.1	33	1,800	42
22,456		17	29,620,507	23	3,753,101	24	14.5	19	1,843	41
37,401		13	11,735,700	40	450,261	48	4.0	46	4,084	24
3,777		24	7,272,207	46	2,604,847	29	55.8	4	453	47
57,628		8	11,578,125	41	5,663,492	16	95.8	2	353	48
52,486		9	6,714,715	47	151,976	49	2.3	49	1,471	44
8,854	22		17,849,566	30	3,612,755	25	25.4	6	1,237	45
36,914		14	15,014,010	37	1,848,413	32	14.0	21	1,091	39
34,229		15	32,307,691	22	5,093,271	20	18.7	11	N A	
2,689,903			**2,883,187,340**		**379,331,791**				**426,363**	

[9]Company is wholly owned by Lincoln National (No. 12 on the Diversified Financial list).
[10]Company is 84% owned by Loews (No. 10 on the Diversified Financial list).
[11]Company is wholly owned by Transamerica (No. 13 on the Diversified Financial list).
[12]Company is wholly owned by American Brands (No. 96 on the FORTUNE 500).
[13]Company is wholly owned by Alleghany (No. 35 on the Diversified Financial list).
[14]Company is wholly owned by American General (No. 15 on the Diversified Financial list).
[15]Company is wholly owned by Tenneco (No. 16 on the FORTUNE 500).
[16]Company is wholly owned by Gulf & Western Industries (No. 61 on the FORTUNE 500).
[17]Wholly owned by Sears Roebuck (No. 1 on the Retailing list).
[18]Company merged with INA (No. 7 on the Diversified Financial list) to form CIGNA on March 31, 1982.

The 50 Largest DIVERSIFIED FINANCIAL COMPANIES (ranked by assets)

RANK '81	RANK '80	COMPANY	ASSETS[1] ($000)	REVENUES[2] ($000)	REVENUES RANK	NET INCOME ($000)	NET INCOME RANK	STOCKHOLDERS' EQUITY ($000)	STOCKHOLDERS' EQUITY RANK
1	1	**Federal National Mortgage Assn.** (Washington, D.C.)	62,095,903	5,861,559	4	(190,370)	50	1,243,250	12
2	2	**Aetna Life & Casualty** (Hartford)	39,630,600	13,531,900	1	462,200	3	3,443,300	1
3	4	**American Express** (New York)	25,103,000	7,211,000	3	518,000	1	2,661,000	3
4	3	**Travelers** (Hartford)	23,982,300	9,800,800	2	360,100	5	2,812,800	2
5	5	**Merrill Lynch & Co.** (New York)	17,682,251	4,038,182	8	202,874	9	1,163,907	14
6	6	**H.F. Ahmanson** (Los Angeles)	15,048,826	1,564,248	20	(51,307)**	48	774,859	21
7	7	**INA** (Philadelphia)[3]	11,028,906	5,162,258	5	475,205	2	2,090,908	4
8	8	**Great Western Financial** (Beverly Hills)	10,646,435	1,173,973	28	(15,420)**	38	624,272	25
9	18	**First Boston** (New York)	10,314,389	291,536	41	46,286	27	198,550	34
10	10	**Loews** (New York)	9,914,071	4,776,219	6	253,213	6	1,356,641	9
11	9	**First Charter Financial** (Beverly Hills)	9,750,034	1,003,800	30	(55,654)	49	718,705	23
12	12	**Lincoln National** (Fort Wayne, Ind.)	9,047,291	3,002,684	11	128,104	16	1,337,523	10
13	11	**Transamerica** (San Francisco)	9,042,342	4,155,887	7	223,336	7	1,598,046	7
14	14	**Imperial Corp. of America** (San Diego)[4]	8,500,000	877,247	34	(37,754)	46	458,354	27
15	15	**American General** (Houston)	8,075,700	2,387,700	14	163,900	13	1,168,800	13
16	13	**Continental** (New York)	8,071,934	3,466,227	9	217,532	8	2,075,195	5
17	16	**American International Group** (New York)	7,957,455	3,154,921	10	363,194	4	1,964,082	6
18	17	**Beneficial** (Wilmington)	6,340,200	1,466,100	22	(7,700)	36	878,500	19
19	20	**Walter E. Heller International** (Chicago)	6,256,699	915,868	33	22,649**	28	348,771	30
20	19	**Avco** (Greenwich, Conn.)[5]	6,062,848	2,416,319	13	70,012	24	1,025,333	16
21	22	**Household Finance** (Prospect Heights, Ill.)[6]	5,927,300	961,300	32	141,200	15	1,374,700	8
22	23	**Hutton (E.F.) Group** (New York)	5,637,885	1,444,008	23	78,812	23	335,159	31
23	21	**Golden West Financial** (Oakland, Calif.)	5,541,347	624,084	36	(19,157)	40	177,227	35
24	39	**Baldwin-United** (Cincinnati)	4,957,339	2,492,049	12	85,490	21	325,668	32
25	31	**Donaldson Lufkin & Jenrette** (New York)	4,868,026	295,920	40	13,225	31	107,043	41
26	24	**Gibraltar Financial Corp. of Calif.** (Beverly Hills)	4,771,371	484,634	37	(47,942)**	47	144,577	37
27	26	**U.S. Fidelity & Guaranty** (Baltimore)	4,748,810	2,336,648	15	167,117	12	1,334,809	11
28	25	**St. Paul Companies**	4,599,932	1,971,173	17	144,575	14	1,091,427	15
29	34	**Bache Group** (New York)[7]	4,504,000	736,933	35	5,365	32	382,609	29
30	28	**General Re** (Greenwich, Conn.)	4,168,300	1,423,100	25	179,600	10	968,400	17
31	27	**Crum & Forster** (New York)	4,160,108	1,925,085	18	175,993	11	923,390	18
32	•	**Financial Corp. of America** (Los Angeles)	3,839,352	396,819	38	21,032	29	94,206	43
33	32	**American Financial** (Cincinnati)	3,797,788	1,476,577	21	66,500**	26	132,348	38
34	35	**Kemper** (Long Grove, Ill.)	3,789,361	2,076,144	16	83,310	22	601,729	26
35	33	**Alleghany** (New York)	3,610,274	1,374,095	27	68,131	25	294,409	33
36	•	**Capital Holding Co.** (Louisville)	3,559,995	1,003,386	31	94,475	20	739,738	22
37	41	**City Federal Savings & Loan Assn.** (Elizabeth, N.J.)	3,347,025	328,665	39	(1,365)	33	97,225	42
38	30	**Paine Webber** (New York)[8]	3,205,798	1,027,095	29	15,882	30	124,445	39
39	36	**Chubb** (New York)	2,912,384	1,408,500	26	103,984	18	663,258	24
40	38	**SAFECO** (Seattle)	2,706,370	1,435,564	24	111,673	17	854,909	20
41	37	**Reliance Group** (New York)	2,631,138	1,610,950	19	98,462	19	404,066	28
42	40	**Financial Federation** (Los Angeles)	2,455,617	235,165	43	(32,024)	45	155,823	36
43	•	**American Savings** (Salt Lake City)	2,328,315	228,564	44	(23,481)	42	80,856	45
44	45	**American Savings & Loan Assn. of Florida** (Miami)[9]	2,225,894	243,912	42	(7,665)	35	51,323	47
45	47	**Western Financial** (Phoenix)	2,180,672	225,525	45	(25,526)	43	49,204	49
46	44	**TRANSOHIO Financial** (Cleveland)	2,098,480	206,204	47	(19,322)	41	84,635	44
47	48	**Financial Corp. of Santa Barbara**	2,056,818	193,278	48	(30,166)	44	48,821	50
48	46	**Northern California Savings & Loan** (Palo Alto)	1,933,775	208,020	46	(15,408)	37	107,344	40
49	50	**Broadview Financial** (Cleveland)	1,843,860	183,971	49	(19,071)	39	49,498	48
50	•	**Guarantee Financial Corp. of Calif.** (Fresno)	1,693,073	178,675	50	(6,945)	34	62,283	46
		TOTALS	**410,651,641**	**104,994,471**		**4,555,154**		**39,813,925**	

N.A. Not available

•Not on last year's list

[1]Total assets shown as of December 31, 1981, unless otherwise noted. Only assets of consolidated subsidiaries are included. Holding companies that own commercial banks or life-insurance companies are listed here only when these subsidiaries represent less than 80% of assets.

[2]Total income during the year, including any consolidated non-financial revenues from manufacturing, retailing, etc., and revenues from discontinued operations when published. All companies on the list must have derived more than 50% of their revenues from two or more kinds of financial business and be publicly held.

[3]INA merged with Connecticut General to form CIGNA Corp. on March 31, 1982.

[4]Figures include those of Gibraltar Savings Association, which was spun off on December 30, 1981.

[5]Figures are for fiscal year ending November 30, 1981.

[6]Wholly owned by Household International.

[7]Wholly owned by Prudential. (No. 1 on the 1981 Life-Insurance list)

[8]Figures are for fiscal year ending September 25, 1981.

[9]Figures are for fiscal year ending September 30, 1981.

NET INCOME AS PERCENT OF EQUITY %	RANK	EMPLOYEES NUMBER	RANK	EARNINGS PER SHARE '81($)	'80($)	'71($)	GROWTH RATE 1971-81 %	RANK	TOTAL RETURN TO INVESTORS[a] 1981 %	RANK	1971-81 AVERAGE %	RANK
		1,082	41	(3.22)	0.24	1.43	—		(25.06)	34	(5.28)	39
13.4	19	40,300	3	5.75	6.96	1.68	13.09	13	30.80	11	12.37	7
19.5	9	57,400	2	5.58	5.27	1.44	14.51	11	14.60	20	3.38	28
12.8	22	30,000	5	8.47	8.56	2.62	12.45	15	20.27	15	6.20	21
17.4	14	36,481	4	5.14	5.51	2.27	8.52	21	(7.54)	30	3.77	27
		4,280	30	(2.16)**	2.34	N.A.	—		(16.26)	31	—	
22.7	7	25,916	9	11.80	7.47	2.81	15.43	8	14.87	19	8.66	13
		2,310	33	(0.68)**	1.74	1.37	—		(17.41)	32	0.67	31
23.3	5	1,627	37	8.35	6.17	3.95	7.77	22	36.45	7	7.29	19
18.7	11	28,150	6	19.79	16.70	4.48	16.02	7	8.83	23	10.57	10
		2,350	32	(1.87)	1.32	1.36	—		(19.53)	33	(3.60)	38
9.6	29	12,602	16	5.90	8.10	2.90	7.36	23	9.06	22	4.86	22
14.0	17	26,400	7	3.45	3.75	0.92	14.13	12	31.67	10	8.72	12
		1,800	36	(2.66)	2.86	1.38	—		(36.32)	38	4.34	25
14.0	16	8,490	25	6.42	9.06	1.21	18.16	6	16.10	17	12.24	8
10.5	27	21,142	11	4.27	5.24	2.60	5.09	24	19.28	16	9.38	11
18.5	13	22,300	10	6.33	5.03	0.78	23.29	2	30.27	12	12.75	6
		16,800	12	(1.11)	3.45	3.37	—		1.13	27	(1.38)	33
6.5	31	4,884	29	1.87**	3.61	1.88	(0.05)	27	0.24	28	(0.46)	32
6.8	30	26,055	8	3.14	6.56	1.02‡	11.90	17	(26.45)	35	4.09	26
10.3	28	73,653	1	2.66	2.88	2.12	2.30	26	3.77	26	(1.50)	34
23.5	4	11,861	17	4.31	4.93	N.A.	—		51.55	4	—	
		1,432	38	(0.93)	1.80	0.37	—		(42.16)	39	6.57	20
26.3	2	14,500	13	8.35	6.40	1.20	21.41	3	(0.62)	29	23.41	2
12.4	26	3,866	31	1.26	0.97	0.80	4.65	25	87.61	1	8.40	14
		1,200	40	(3.43)**	(0.57)	0.52	—		(48.49)	42	(1.54)	35
12.5	25	8,775	24	5.94	7.99	1.88	12.19	16	4.96	24	11.69	9
13.2	20	9,314	23	6.90	5.90	2.36	11.33	18	32.11	8	7.86	16
1.4	32	9,700	21	N.A.	2.82	(0.47)	—		—		—	
18.5	12	2,104	34	8.23	7.11	1.40	19.38	5	54.58	3	8.05	15
19.1	10	9,782	19	6.15	5.04	1.53	14.93	9	25.25	13	13.53	5
22.3	8	1,027	43	2.37	1.73	(0.17)‡	—		59.94	2	25.25	1
50.2	1	13,000	15	N.A.	2.64	0.88**	—		—		—	
13.8	18	13,500	14	6.34	7.03	1.95	12.51	14	4.48	25	7.75	17
23.1	6	5,161	28	6.47	3.91	0.56	27.72	1	50.22	5	18.75	4
12.6	24	8,129	26	3.40	3.07	0.87	14.60	10	32.11	9	2.95	30
		4,875	35	(0.45)	N.A.	N.A.	—		—		—	
12.8	23	9,730	20	1.70	(1.32)	N.A.	—		13.52	21	—	
15.7	15	7,800	27	8.45	6.66	2.92	11.21	19	23.24	14	4.65	23
13.1	21	10,600	18	5.88	4.79	2.31	9.79	20	14.88	18	7.63	18
24.4	3	9,500	22	13.73	12.51	1.98	21.37	4	36.64	6	20.35	3
		583	50	(7.61)	0.70	1.32	—		(55.75)	46	2.95	29
		1,399	39	(9.72)	1.94	1.21	—		—		—	
		904	44	(2.99)	2.98	N.A.	—		(52.75)	45	—	
		1,058	42	(11.81)	1.35	1.57	—		(49.95)	43	(2.74)	36
		683	48	(5.13)	0.75	1.33	—		(27.09)	36	—	
		850	45	(6.98)	0.08	1.03	—		(51.00)	44	3.35	37
		776	46	(3.00)	0.71	1.28	—		(45.66)	41	4.40	24
		689	47	(6.41)	(0.73)	N.A.	—		(43.76)	40	—	
		680	49	(2.35)	1.87	N.A.	—		(35.62)	37	—	
		604,500										

The 50 Largest RETAILING COMPANIES (ranked by sales)

RANK '81	RANK '80	COMPANY	SALES[1] ($000)	ASSETS ($000)	ASSETS RANK	NET INCOME ($000)	NET INCOME RANK	STOCKHOLDERS' EQUITY ($000)	STOCKHOLDERS' EQUITY RANK
1	1	**Sears Roebuck** (Chicago)[2]	27,357,400	34,509,400	1	650,100	1	8,268,900	1
2	2	**Safeway Stores** (Oakland)[2]	16,580,318	3,690,404	6	114,556	13	1,110,754	9
3	3	**K mart** (Troy, Mich.)	16,527,012	6,673,004	2	220,251	5	2,455,594	3
4	4	**J.C. Penney** (New York)	11,860,169	6,216,000	3	386,809	2	2,933,205	2
5	5	**Kroger** (Cincinnati)[2]	11,266,520	2,405,290	10	128,045	10	807,471	11
6	6	**F.W. Woolworth** (New York)[2]	7,223,241	3,141,965	7	81,870	21	1,372,182	6
7	8	**Lucky Stores** (Dublin, Calif.)	7,201,404	1,524,444	17	95,452	15	491,127	22
8	9	**American Stores** (Salt Lake City)	7,096,590	1,356,328	21	64,552	24	289,593	30
9	10	**Federated Department Stores** (Cincinnati)	7,067,673	4,096,877	5	258,508	4	1,986,052	4
10	7	**Great Atlantic & Pacific Tea** (Montvale, N.J.)[4]	6,989,529	1,308,983	23	(43,049)	49	403,786	26
11	12	**Winn-Dixie Stores** (Jacksonville)[5]	6,200,167	924,776	28	95,395	16	467,195	23
12	11	**Montgomery Ward** (Chicago)[2,6]	5,742,491	4,116,593	4	(124,120)	50	1,649,873	5
13	13	**Southland** (Dallas)[2]	5,693,636	1,677,791	14	94,191	17	615,021	16
14	15	**Jewel Companies** (Chicago)	5,107,614	1,379,871	20	101,670	14	555,750	19
15	14	**Household Merchandising** (Des Plaines, Ill.)[2,7,8]	5,079,932	1,354,299	22	53,262	27	511,667	20
16	16	**Dayton Hudson** (Minneapolis)	4,942,859	2,555,168	9	173,420	6	1,192,681	8
17	18	**Grand Union** (Elmwood Park, N.J.)[9]	3,626,231	781,449	29	34,327	34	228,207	35
18	19	**Albertson's** (Boise)	3,480,570	709,847	31	48,478	29	238,792	34
19	17	**May Department Stores** (St. Louis)	3,413,204	2,387,583	11	126,203	11	953,895	10
20	23	**Supermarkets General** (Woodbridge, N.J.)	2,999,379	636,777	35	30,256	37	167,291	39
21	21	**ARA Services** (Philadelphia)[10]	2,915,876	1,137,778	24	53,082**	28	494,045	21
22	22	**Carter Hawley Hale Stores** (Los Angeles)	2,870,735	1,741,722	13	44,762	31	647,039	15
23	27	**Allied Stores** (New York)	2,760,867	2,179,328	12	88,332	18	797,979	12
24	26	**Melville** (Harrison, N.Y.)[2]	2,760,842	1,134,254	25	136,133	9	607,945	17
25	31	**Associated Dry Goods** (New York)	2,751,200	1,557,478	16	69,774	23	717,952	13
26	24	**R.H. Macy** (New York)[11]	2,656,689	1,479,467	18	119,632	12	686,983	14
27	29	**Dillon Companies** (Hutchinson, Kans.)[5]	2,494,577	497,581	38	41,688	33	186,107	38
28	28	**McDonald's** (Oak Brook, Ill.)[2]	2,477,229	2,899,322	8	264,834	3	1,370,667	7
29	25	**Rapid-American** (New York)	2,457,140	1,567,444	15	6,955	48	70,259	48
30	33	**Wal-Mart** (Bentonville, Ark.)	2,449,997	937,513	26	82,794	20	322,734	29
31	30	**Stop & Shop Companies** (Boston)	2,168,148	468,578	40	24,531	39	151,489	40
32	32	**Marriott** (Washington, D.C.)[2]	2,000,314	1,454,876	19	86,136	19	421,729	25
33	41	**Sigmor** (San Antonio)[5]	1,835,363	495,216	39	31,823	36	202,804	36
34	34	**Zayre** (Framingham, Mass.)	1,797,139	643,444	34	22,147	41	199,232	37
35	35	**Jack Eckerd** (Clearwater, Fla.)[12]	1,752,550	643,935	33	78,510	22	466,062	24
36	37	**Walgreen** (Deerfield, Ill.)[13]	1,743,471	521,041	36	42,127	32	250,503	32
37	39	**Tandy** (Fort Worth)[5]	1,691,373	936,545	27	169,602	7	571,863	18
38	38	**Fisher Foods** (Bedford Heights, Ohio)[2]	1,492,709	222,299	49	21,333‡	42	85,066	47
39	43	**Giant Food** (Washington, D.C.)[4]	1,483,476	339,542	46	18,308	43	121,314	43
40	42	**Waldbaum** (Central Islip, N.Y.)[2]	1,375,787	240,964	47	10,376	46	86,662	46
41	47	**Revco D.S.** (Twinsburg, Ohio)[14]	1,310,404	447,652	42	45,129	30	248,950	33
42	46	**Mercantile Stores** (Wilmington)	1,269,491	711,370	30	57,895	26	397,026	27
43	40	**First National Supermarkets** (Maple Heights, Ohio)[2]	1,230,173	194,981	50	10,042**	47	44,036	49
44	45	**Pantry Pride** (Ft. Lauderdale)[11,15]	1,225,263	223,169	48	150,154**	8	11,642	50
45	50	**Marshall Field** (Chicago)	1,193,961	680,758	32	29,191	38	324,471	28
46	•	**Pneumo** (Boston)[16]	1,093,611	370,716	44	18,027	44	103,208	45
47	•	**U.S. Shoe** (Los Angeles)	1,087,982	519,993	37	58,761	25	283,256	31
48	•	**SCOA Industries** (Columbus, Ohio)	1,057,573	373,080	43	32,109	35	147,301	41
49	•	**Thrifty** (Los Angeles)[13]	1,054,418	352,774	45	17,752	45	118,570	44
50	•	**Service Merchandise** (Nashville)[2]	1,027,093	453,555	41	23,069	40	142,194	42
		TOTALS	**220,941,390**	**106,873,224**		**4,445,184**		**36,978,124**	

N.A. Not available.

•Not on last year's list

[1]Net sales include all operating revenues and revenues from discontinued operations when they are published. All figures are for the fiscal year ending January 31, 1982, unless otherwise noted. Sales of subsidiaries are included when they are consolidated.

[2]Figures are for fiscal year ending December 31, 1981.

[3]Figure is for Skaggs.

[4]Figures are for fiscal year ending February 28, 1981.

[5]Figures are for fiscal year ending June 30, 1981.

[6]Company is wholly owned by Mobil (No. 2 on the FORTUNE 500).

[7]Company is wholly owned by Household International.

EMPLOYEES NUMBER	RANK	NET INCOME AS PERCENT OF SALES %	RANK	EQUITY %	RANK	EARNINGS PER SHARE '81($)	'80($)	'71($)	GROWTH RATE 1971-81 %	RANK	TOTAL RETURN TO INVESTORS 1981 %	RANK	1971-81 AVERAGE %	RANK
337,400	1	2.4	21	7.9	46	2.06	1.92	1.78	1.47	40	14.67	27	(6.79)	41
157,411	4	0.7	47	10.3	41	4.39	4.57	3.15	3.37	39	(4.57)	37	2.54	28
280,000	2	1.3	34	9.0	45	1.75	2.07	0.85	7.49	35	(6.57)	40	(5.13)	39
187,000	3	3.3	15	13.2	34	5.50	3.33	2.46	8.38	33	29.62	19	(5.22)	40
127,271	7	1.1	38	15.9	25	4.51	3.41	1.21‡	14.06	20	26.77	21	11.55	10
139,800	5	1.1	39	6.0	48	2.64	5.30	2.31	1.34	42	(20.01)	44	(2.32)	36
66,000	14	1.3	35	19.4	14	1.88	1.80	0.83	8.52	32	(5.84)	38	3.28	27
64,000	16	0.9	44	22.3	8	5.42	4.11	0.69§	22.89	8	41.77	9	9.68	12
120,800	8	3.7	11	13.0	35	5.33	5.74	2.20	9.25	30	32.87	16	0.43	33
60,000	19					(1.35)	(0.15)	2.02	—		(26.12)	46	(14.44)	44
63,000	17	1.5	31	20.4	12	3.67	3.42	1.30	10.94	29	21.53	24	6.67	19
95,900	10					N.A.	N.A.	N.A.			—		—	
49,600‡	23	1.7	28	15.3	27	3.98	3.29	1.03	14.47	19	59.98	5	5.01	24
36,922	27	2.0	23	18.3	16	8.03	4.76	2.41	12.79	24	16.89	26	4.60	26
59,900	20	1.0	41	10.4	40	N.A.	N.A.	N.A.	—		—		—	
70,000†	12	3.5	12	14.5	32	3.62	3.08	0.76	16.89	16	41.82	8	9.25	14
36,000	28	0.9	43	15.0	29	N.A.	N.A.	N.A.	—		—		—	
30,300	31	1.4	33	20.3	13	3.14	2.70	0.41	22.58	9	35.12	14	20.73	5
68,000	13	3.7	10	13.2	33	4.31	4.01	1.82	9.00	31	0.61	35	1.82	31
30,000	32	1.0	42	18.1	18	3.61	3.13	1.18	11.83	26	8.63	32	2.43	29
108,000	9	1.8	24	10.7	39	4.70**	3.61‡	2.63	5.98	37	(8.05)	41	(9.52)	42
55,000‡	22	1.6	30	6.9	47	1.55	2.11	1.63	(0.50)	43	(11.23)	42	(2.28)	35
65,000‡	15	3.2	16	11.1	38	4.38	4.11	1.18	14.01	21	33.41	15	10.59	11
56,938	21	4.9	5	22.4	7	5.26	4.54	1.04	17.60	14	13.82	29	6.11	21
60,000	18	2.5	18	9.7	43	4.17	3.86	2.86	3.81	38	6.95	33	(2.82)	37
46,000	24	4.5	7	17.4	20	7.35	6.48	1.57	16.69	17	28.68	20	9.54	13
24,000†	37	1.7	27	22.4	6	2.46	1.62	0.42	19.34	12	64.55	4	14.24	8
136,000	6	10.7	2	19.3	15	6.54	5.49	0.69	25.22	7	36.05	13	6.17	20
45,000	25	0.3	48	9.9	42	2.03	3.55	3.08**	(4.08)	44	—		—	
43,000	26	3.4	14	25.7	3	2.50	1.73	0.12	35.48	2	41.31	10	24.59	3
26,000	35	1.1	40	16.2	24	6.06	3.01	0.90	21.01	11	52.50	7	8.41	15
81,800	11	4.3	9	20.4	11	3.21	2.61	0.45	21.71	10	10.28	31	5.04	23
5,725	49	1.7	25	15.7	26	1.90	2.87	N.A.	—		(15.44)	43	—	
32,000	29	1.2	37	14.1	37	4.05	3.42	2.06	6.99	36	37.09	11	(2.15)	34
27,900	33	4.5	8	16.8	21	2.19	1.95	0.54	15.03	18	14.56	28	4.71	25
31,000	30	2.4	20	16.8	22	5.82	5.12	1.65	13.43	22	31.03	18	12.35	9
26,000	36	10.0	3	29.7	2	1.65	1.12	0.08	35.34	3	36.71	12	32.54	1
4,400	50	1.4	32	25.1	4	3.47‡	1.05	1.16	11.58	27	75.68	1	2.36	30
14,100	42	1.2	36	15.1	28	3.74	3.64	1.28	11.32	28	19.85	25	7.64	17
6,000	48	0.8	46	12.0	36	3.98	4.15	1.22	12.55	25	23.21	23	5.14	22
21,000	39	3.4	13	18.1	17	2.21	1.92	0.40	18.64	13	24.18	22	7.89	16
18,500	40	4.6	6	14.6	31	9.82	7.20	2.93	12.86	23	69.31	3	1.13	32
13,500	44	0.8	45	22.8	5	2.52**	1.24	N.A.	—		(24.69)	45	—	
7,500	47	12.3	1	269.8	1	19.72**	3.06	1.49	29.47	5	6.33	34	(9.67)	43
26,180	34	2.4	19	9.0	44	2.40	1.93	2.08	1.44	41	(6.13)	39	(2.86)	38
9,254	45	1.6	29	17.5	19	3.81	2.90	0.33	27.71	6	(3.25)	36	22.77	4
23,000	38	5.4	4	20.7	10	5.33	3.09	1.09	17.20	15	72.83	2	15.07	7
17,000	41	3.0	17	21.8	9	2.16	1.90	0.16	29.73	4	55.14	6	27.34	2
14,000	43	1.7	26	15.0	30	1.80	1.50	0.84	7.92	34	32.60	17	6.71	18
8,900‡	46	2.2	22	16.2	23	1.82	1.61	0.07	38.52	1	12.90	30	17.32	6

3,132,001

§Name changed from City Products on September 30, 1981.
‡Figures are for fiscal year ending March 31, 1981.
**Figures are for fiscal year ending October 2, 1981.
††Figures are for fiscal year ending July 31, 1981.
†‡Figures are for fiscal year ending August 1, 1981.
†§Figures are for fiscal year ending August 31, 1981.
†¶Figures are for fiscal year ending May 31, 1981.
‡‡Name changed from Food Fair on August 1, 1981.
‡§Figures are for fiscal year ending November 30, 1981.

The 50 Largest TRANSPORTATION COMPANIES (ranked by operating revenues)

RANK '81	RANK '80	COMPANY	OPERATING REVENUES[1] ($000)	ASSETS ($000)	ASSETS RANK	NET INCOME[2] ($000)	NET INCOME RANK	STOCKHOLDERS' EQUITY ($000)	STOCKHOLDERS' EQUITY RANK
1	3	**CSX** (Richmond, Va.)	5,432,200	8,066,900	1	367,700	1	3,151,600	1
2	2	**Trans World** (New York)	5,265,468	3,396,758	8	61,568**	16	809,668	13
3	1	**UAL** (Elk Grove, Ill.)	5,141,174	3,975,777	5	(70,530)	48	1,094,670	7
4	6	**Burlington Northern** (Seattle)	4,935,823	5,673,536	2	272,163	6	2,628,981	2
5	4	**United Parcel Service** (Greenwich, Conn.)	4,748,294	1,755,181	19	327,780	2	978,532	11
6	7	**American Airlines** (Dallas-Fort Worth)	4,108,699	3,738,221	6	47,440**	23	731,199	15
7	5	**Pan American World Airways** (New York)	3,797,291	2,963,184	12	(18,875)	42	786,700	14
8	8	**Eastern Air Lines** (Miami)	3,727,093	2,934,519	13	(65,877)	47	350,194	22
9	10	**Delta Air Lines** (Atlanta)[4]	3,533,326	2,304,327	17	146,474	14	1,040,611	9
10	9	**Santa Fe Industries** (Chicago)	3,366,900	4,677,800	4	242,200	8	2,471,500	3
11	11	**Southern Pacific** (San Francisco)	3,272,378	5,500,829	3	167,671	13	2,291,244	4
12	12	**Missouri Pacific** (St. Louis)	2,523,770	3,037,772	10	194,287	12	1,047,051	8
13	14	**Northwest Airlines** (St. Paul)	1,854,290	1,492,381	21	10,460	36	832,510	12
14	16	**Norfolk & Western Railway** (Roanoke)	1,801,655	3,191,510	9	291,063	3	1,814,028	5
15	15	**Southern Railway** (Washington, D.C)	1,790,669	3,452,306	7	212,080	10	1,488,660	6
16	17	**Tiger International** (Los Angeles)	1,673,350	2,702,397	14	(16,613)	40	419,389	19
17	29	**Republic Airlines** (Minneapolis)	1,448,416	1,154,567	23	(46,269)	44	72,348	42
18	21	**Sohio Pipe Line** (Cleveland)[7]	1,202,228	3,004,946	11	284,765	5	(25,714)	49
19	18	**Braniff International** (Dallas-Fort Worth)	1,188,975	1,008,297	26	(160,611)	50	(94,431)	50
20	13	**Consolidated Freightways** (Palo Alto)	1,143,722	828,338	31	141,243**	15	464,796	18
21	22	**Roadway Express** (Akron)	1,130,082	632,926	34	84,114**	17	400,756	20
22	26	**USAir** (Washington, D.C.)	1,110,490	881,317	28	51,084	21	353,402	21
23	24	**Continental Air Lines** (Los Angeles)[8]	1,090,777	864,023	29	(60,356)	46	130,943	36
24	23	**Western Air Lines** (Los Angeles)	1,059,841	834,570	30	(73,400)	49	121,664	37
25	25	**Illinois Central Gulf Railroad** (Chicago)[9]	1,048,183	1,978,823	18	51,066	22	968,468	10
26	28	**Chicago & North Western Transportation** (Chicago)	981,735	935,088	27	54,325**	20	170,794	32
27	27	**Leaseway Transportation** (Beachwood, Ohio)	977,118	795,736	32	44,033	24	261,166	29
28	32	**Yellow Freight System** (Overland Park, Kans.)	936,239	467,080	41	33,231**	27	213,869	31
29	31	**Exxon Pipeline** (Houston)[10]	851,846	2,397,950	15	287,975	4	505,448	16
30	30	**Arco Pipe Line** (Independence, Kans.)[11]	848,121	2,362,397	16	242,815	7	303,252	26
31	•	**Texas Air** (Houston)[12]	719,400	1,304,650	22	(47,185)	45	43,788	44
32	35	**Piedmont Aviation** (Winston-Salem)	643,639	502,743	39	32,585	28	153,063	34
33	34	**BP Pipelines** (New York)	632,234	1,645,876	20	240,919	9	275,081	27
34	33	**McLean Trucking** (Winston-Salem)[4]	604,829	227,433	47	(6,336)‡	39	99,949	39
35	•	**Emery Air Freight** (Wilton, Conn.)	593,564	275,233	44	18,694	32	77,619	41
36	40	**Federal Express** (Memphis)[13]	589,493	570,112	38	59,340	19	274,923	28
37	36	**Frontier Airlines** (Denver)	577,430	390,238	42	31,961	29	158,842	33
38	37	**Telecom** (Houston)	467,751	240,119	45	(18,215)	41	29,181	46
39	39	**Allied Van Lines** (Broadview, Ill.)	460,052	55,184	50	2,713**	37	18,517	47
40	42	**PSA** (San Diego)	438,569	601,502	36	28,570	30	151,643	35
41	41	**Chicago Milwaukee St. Paul & Pacific RR** (Chicago)	416,006	1,032,856	25	200,332	11	312,506	25
42	44	**Rio Grande Industries** (Denver)	388,333	607,156	35	37,144	26	344,755	23
43	46	**Arkansas Best** (Fort Smith, Ark.)	386,522	176,161	48	15,867**	34	42,063	45
44	38	**Alexander & Baldwin** (Honolulu)	385,205	638,877	33	24,367	31	337,085	24
45	•	**Ozark Airlines** (St. Louis)	380,857	229,047	46	17,127	33	80,995	40
46	•	**World Airways** (Oakland)	371,974	499,726	40	(20,228)	43	67,632	43
47	45	**United Van Lines** (Fenton, Mo.)	371,759	63,500	49	1,103	38	15,457	48
48	47	**Kansas City Southern Industries** (Kansas City)	368,227	599,612	37	38,732	25	233,016	30
49	49	**Overseas Shipholding Group** (New York)	368,004	1,154,158	24	88,472	16	500,091	17
50	43	**RLC** (Wilmington)[14]	360,662	376,222	43	14,367	35	109,487	38
		TOTALS	**81,514,663**	**88,199,861**		**3,863,335**		**29,005,221**	

N.A. Not available

•Not on last year's list

[1]Consolidated operating revenues include those from non-transportation activities and sales from discontinued operations when these are published. All figures are for the year ending December 31, 1981, unless otherwise noted. All companies must derive more than 50% of their operating revenues from carrier operations and file public financial statements. Companies primarily engaged in freight forwarding or rental of vehicles are excluded.

[2]Net income for all railroads has been calculated according to generally accepted accounting principles.

‡Figure is for Seaboard Coast Line Industries.

[4]Figures are for fiscal year ending June 30, 1981.

[7]Figure is for Mississippi River Corp.

[8]Figure is for North Central Airlines.

EMPLOYEES NUMBER	RANK	NET INCOME AS PERCENT OF OPERATING REVENUES %	RANK	EQUITY %	RANK	EARNINGS PER SHARE '81($)	'80($)	'71($)	GROWTH RATE 1971-81 %	RANK	TOTAL RETURN TO INVESTORS 1981 %	RANK	1971-81 AVERAGE %	RANK
75,000‡	3	6.8	17	11.7	27	8.92	7.13	2.58‡[3]	13.21	15	27.12	10	8.94	13
94,400	2	1.2	34	7.6	31	2.15**	2.84**	0.11	34.62	2	(18.92)	27	(9.57)	35
64,000‡	4					(2.40)	0.70	(0.36)	—		(5.70)	19	(6.90)	33
59,900	5	5.5	22	10.4	29	7.02	7.55	(1.57)‡	—		(15.13)	24	11.56	11
120,205	1	6.9	16	37.3	6	7.76	4.47	N.A.	—		—		—	
41,600	7	1.2	35	6.5	35	1.21**	(3.06)**	0.11	27.10	3	22.23	12	(11.64)	36
30,331	11					(0.27)	1.13	(1.18)	—		(35.29)	35	(15.74)	39
37,700	9					(3.44)	(0.97)**	0.32	—		(20.33)	28	(12.61)	37
36,230	10	4.1	29	14.1	25	7.37	4.69	1.57	16.72	11	(14.07)	23	2.01	22
38,788	8	7.2	15	9.8	30	2.73	3.47	0.44‡	20.02	6	(35.24)	34	12.24	10
51,500	6	5.1	23	7.3	32	6.18	5.78	4.55	3.11	24	6.05	17	5.63	17
21,690	13	7.7	13	18.6	16	12.49	10.70	1.36[5]	24.83	4	(16.44)	26	22.62	2
13,069	23	0.6	37	1.3	37	0.48	0.33	1.01	(7.17)	25	17.06	13	(1.14)	26
22,067	12	16.2	7	16.0	20	8.94	7.36	1.89‡	16.81	10	33.68	9	14.78	6
20,584‡	14	11.8	9	14.2	24	13.55	11.57	3.60	14.17	14	23.59	11	13.16	8
13,952	22					(0.98)	2.68	1.90	—		(38.16)	37	(2.40)	28
14,378	19					(2.30)	(1.19)	0.11[6]	—		(29.62)	32	2.66	20
235‡	48	23.7	6	107.4	38	N.A.	N.A.	N.A.	—		—		—	
10,800	26					(8.02)	(6.57)	0.48	—		(54.94)	41	(15.99)	40
17,000	17	12.3	8	30.4	8	10.63**	0.75‡	1.79	19.50	7	67.32	4	8.06	14
17,400	16	7.4	14	21.0	13	4.25**	2.18‡	0.88	17.06	9	12.07	14	9.85	12
10,765	27	4.6	26	14.5	23	3.13	4.71	(0.38)	—		(31.44)	33	(1.40)	27
11,000	25					(3.92)	(1.35)	0.59	—		(60.24)	42	(12.82)	38
9,900	28					(5.81)	(2.46)	0.43	—		(46.59)	40	(5.67)	31
18,500‡	15	4.9	25	5.3	36	N.A.	N.A.	N.A.	—		—		—	
14,345‡	20	5.5	21	31.8	7	3.89**	2.93	N.A.			6.97	15	—	
15,000	18	4.5	27	16.9	18	3.70	3.46	1.16	12.30	17	(5.85)	20	4.97	18
14,300	21	3.5	32	15.5	21	2.34**	(0.97)‡	0.93	9.67	22	6.79	16	1.68	23
939	45	33.8	3	57.0	4	N.A.	N.A.	N.A.	—		—		—	
890	46	28.6	4	80.1	2	N.A.	N.A.	N.A.	—		—		—	
N.A.						(8.11)	0.64	(5.60)	—		(44.91)	39	4.47	19
6,796	31	5.1	24	21.3	11	4.41	3.32	0.13**	42.25	1	116.07	2	16.40	5
N.A.		38.1	2	87.6	1	N.A.	N.A.	N.A.	—		—		—	
12,000	24					(0.92)‡	(0.43)	1.08	—		(16.33)	25	(6.23)	32
5,000	35	3.1	33	24.1	9	1.20	1.39	0.38	12.19	18	(9.10)	22	(0.61)	25
8,060	29	10.1	11	21.6	10	2.80	2.06	N.A.	—		41.24	7	—	
5,887	34	5.5	20	20.1	14	3.51	2.68	(0.47)	—		37.53	8	17.19	4
6,500	32					(4.93)	(5.83)‡	(0.96)‡	—		(56.85)	43	(2.97)	29
992	44	0.6	36	14.7	22	2.20**	1.07‡	1.19	6.34	23	110.59	3	—	
4,087	37	6.5	18	18.3	15	6.19	3.58	1.57	14.70	13	(35.64)	26	0.32	24
7,696‡	30	48.2	1	64.1	3	80.98	(84.08)	(5.95)‡	—		123.97	1	17.53	3
4,270	36	9.6	12	10.8	28	7.53	7.13	2.25	12.84	19	(29.13)	31	7.28	15
6,180	33	4.1	30	37.7	5	4.23**	(2.92)‡	1.65	9.87	21	5.57	18	(4.56)	30
3,840	40	6.3	19	7.2	33	2.66	7.89	0.63	15.49	12	(23.28)	30	13.03	9
3,835	41	4.5	28	21.1	12	2.09	(0.04)	0.75[7]	10.79	19	58.18	5	2.03	21
2,600	42					(2.06)	(2.88)	0.82	—		(7.79)	21	(8.96)	34
631	47	0.3	38	7.1	34	195.00	262.00	75.88	9.90	20	—		—	
3,900	39	10.5	10	16.6	19	3.95	3.18	0.74**	18.23	8	44.05	6	25.55	1
2,507‡	43	24.0	5	17.7	17	3.43	3.06	0.51	21.00	5	(41.01)	38	14.14	7
4,000	38	4.0	31	13.1	26	1.20	1.24‡	(0.04)	—		(22.63)	29	7.14	16

984,269

[1]Company is wholly owned by Standard Oil of Ohio (No. 21 on the FORTUNE 500).

[2]51% owned by Texas Air (No. 31 on the Transportation list).

[3]Company is wholly owned by GE Industries (No. 92 on the FORTUNE 500).

[4]Company is wholly owned by Exxon (No. 1 on the FORTUNE 500).

[5]Company is wholly owned by Atlantic Richfield (No. 10 on the FORTUNE 500).

[6]Figures include amounts attributed to Texas Air's 51% share of Continental Air Lines (No. 23 on the Transportation list).

[7]Figures are for fiscal year ending May 31, 1981.

[8]Figures are for fiscal year ending September 30, 1981.

The 50 Largest UTILITIES (ranked by assets)

RANK '81	RANK '80	COMPANY	ASSETS[1] ($000)	OPERATING REVENUES[2] ($000)	RANK	NET INCOME ($000)	RANK	STOCKHOLDERS' EQUITY ($000)	RANK
1	1	**American Telephone & Telegraph** (New York)	137,749,500	58,213,800	1	6,888,100	1	55,034,800	1
2	2	**General Telephone & Electronics** (Stamford, Conn.)	21,113,299	11,026,296	2	722,004	2	5,070,684	3
3	3	**Southern Company** (Atlanta)	12,415,034	4,256,237	7	325,979	10	3,122,908	8
4	4	**Pacific Gas & Electric** (San Francisco)	12,366,659	6,194,575	3	564,606	3	5,127,122	2
5	5	**American Electric Power** (Columbus)	11,567,039	4,192,645	8	368,279	7	3,321,568	7
6	6	**Commonwealth Edison** (Chicago)	11,196,823	3,737,311	11	449,894	5	3,692,899	5
7	7	**Southern California Edison** (Rosemead, Calif.)	8,728,543	4,054,356	9	489,912	4	3,444,416	6
8	9	**Middle South Utilities** (New Orleans)	8,318,556	2,771,788	21	281,483	11	2,189,870	14
9	8	**Consolidated Edison** (New York)	7,732,822	4,865,934	4	448,026	6	3,735,261	4
10	11	**Texas Utilities** (Dallas)	7,306,658	2,738,377	22	359,398	8	2,421,864	11
11	10	**Public Service Electric & Gas** (Newark)	7,277,089	3,471,652	15	264,137	13	2,832,930	9
12	12	**Virginia Electric & Power** (Richmond)	7,057,831	2,161,853	28	237,780	20	2,298,850	13
13	14	**Consumers Power** (Jackson, Mich.)	6,872,187	2,733,973	24	247,789	16	2,148,511	15
14	15	**Detroit Edison**	6,607,788	2,054,057	32	234,353	21	1,995,816	16
15	13	**Duke Power** (Charlotte)	6,531,044	1,908,454	33	336,251	9	2,497,545	10
16	16	**Philadelphia Electric**	6,304,195	2,433,425	26	277,565	12	2,335,999	12
17	17	**Florida Power & Light** (Miami)	6,122,580	3,088,620	20	224,137	23	1,936,335	17
18	19	**Houston Industries**	5,230,773	3,095,331	19	216,355	26	1,493,543	24
19	18	**General Public Utilities** (Parsippany, N.J.)	5,054,021	2,065,487	30	(15,904)‡	50	1,793,245	18
20	21	**Pennsylvania Power & Light** (Allentown, Pa.)	5,010,536	1,133,278	45	244,077	18	1,666,812	22
21	22	**Carolina Power & Light** (Raleigh)	4,715,835	1,343,558	40	203,597	27	1,650,710	23
22	23	**Central & South West** (Dallas)	4,643,244	2,055,318	31	229,559	22	1,703,237	19
23	24	**United Telecommunications** (Westwood, Kans.)	4,620,791	2,263,438	27	261,753	14	1,381,688	28
24	27	**Columbia Gas System** (Wilmington)	4,616,781	4,426,243	6	195,494	31	1,343,589	30
25	26	**Long Island Lighting** (Mineola, N.Y.)	4,508,152	1,664,832	34	247,732	17	1,686,355	20
26	25	**Ohio Edison** (Akron)	4,456,130	1,279,649	43	197,062	29	1,491,337	25
27	28	**Niagara Mohawk Power** (Syracuse, N.Y.)	4,175,932	2,150,718	29	220,643	24	1,667,934	21
28	20	**American Natural Resources** (Detroit)[3]	4,118,878	3,605,318	13	161,693	34	1,147,993	38
29	33	**Texas Eastern Corp.** (Houston)	4,096,791	4,526,114	5	220,634	25	1,284,191	35
30	35	**Panhandle Eastern Pipe Line** (Houston)	4,078,865	3,266,253	18	261,604	15	1,294,067	34
31	31	**Union Electric** (St. Louis)	4,047,277	1,105,536	46	157,083	35	1,395,882	26
32	30	**Pacific Power & Light** (Portland, Ore.)	4,016,820	1,288,553	41	167,536	33	1,370,134	29
33	29	**Northeast Utilities** (Berlin, Conn.)	3,950,597	1,655,057	35	95,118	48	1,304,405	33
34	32	**Internorth** (Omaha)	3,809,685	3,655,401	12	243,101	19	1,321,107	31
35	41	**El Paso** (Houston)	3,711,207	3,909,023	10	147,257	41	530,692	50
36	36	**Continental Telephone** (Atlanta)	3,543,759	1,589,652	37	143,874	42	980,729	45
37	37	**Cleveland Electric Illuminating**	3,406,075	1,012,930	47	155,734	36	1,097,277	39
38	42	**Arizona Public Service** (Phoenix)	3,396,790	862,154	49	197,434	28	1,394,184	27
39	39	**Transco Companies** (Houston)	3,395,355	3,525,378	14	140,093	43	650,564	49
40	43	**Gulf States Utilities** (Beaumont, Tex.)	3,343,419	1,221,714	44	150,931	39	1,069,827	42
41	44	**Public Service Co. of Indiana** (Plainfield)	3,285,490	720,126	50	151,628	38	1,269,284	36
42	38	**Baltimore Gas & Electric**	3,266,403	1,421,056	39	149,659	40	1,310,172	32
43	40	**Allegheny Power System** (New York)	3,190,739	1,607,461	36	132,477	44	1,248,633	37
44	48	**Northern Indiana Public Service** (Hammond, Ind.)	2,943,151	1,556,255	38	80,146	49	948,747	47
45	45	**Northern States Power** (Minneapolis)	2,860,076	1,280,889	42	127,553	45	1,070,541	41
46	46	**Consolidated Natural Gas** (Pittsburgh)	2,850,653	2,738,164	23	151,806	37	1,068,191	43
47	•	**Sonat** (Birmingham)[4]	2,814,181	2,568,747	25	173,672	32	991,189	44
48	49	**Illinois Power** (Decatur)	2,722,495	964,292	48	127,413	46	1,073,787	40
49	47	**Pacific Lighting** (Los Angeles)	2,705,512	3,357,006	17	123,132	47	949,395	46
50	•	**Enserch** (Dallas)	2,689,924	3,362,474	16	196,959	30	902,722	48
		TOTALS	**410,544,184**	**192,200,758**		**18,376,598**		**144,764,541**	

N.A. Not available.

•Not on last year's list.

[1]Assets shown as of December 31, 1981, unless otherwise noted. Only assets of consolidated subsidiaries are included.

[2]Gross receipts from operations during the 1981 fiscal year, including any non-utility revenues from manufacturing, transportation, etc., and revenues from discontinued operations when they are published.

‡Figures include amounts attributed to Primark, a subsidiary divested on December 31, 1981.

[3]Name changed from Southern Natural Resources on January 1, 1982.

NET INCOME AS PERCENT OF EQUITY		EMPLOYEES		EARNINGS PER SHARE			GROWTH RATE 1971-81		TOTAL RETURN TO INVESTORS			
									1981		1971-81 AVERAGE	
%	RANK	NUMBER	RANK	'81($)	'80($)	'71($)	%	RANK	%	RANK	%	RANK
12.5	28	1,040,122	1	8.55	8.19	3.99	7.92	9	33.78	5	10.28	9
14.2	15	204,000	2	4.32	2.94	2.35	6.28	16	27.52	10	7.91	15
10.4	45	28,944	4	1.81	2.23	1.71	0.57	44	11.21	35	4.31	38
11.0	43	26,625	5	3.41	3.60	2.75	2.17	36	15.55	29	4.73	35
11.1	42	26,392	6	2.37	2.41	2.43	(0.25)	46	9.69	37	3.73	40
12.2	31	17,300	11	3.06	2.97	2.86	0.68	43	24.26	15	2.51	44
14.2	16	14,569	13	4.93	3.50	2.46	7.20	12	24.03	17	8.42	12
12.9	27	13,292	14	2.44	2.01	1.68	3.80	29	23.87	18	2.17	45
12.0	32	22,798	8	6.44	4.67	3.52**	6.23	17	42.56	1	11.61	8
14.8	9	15,668	12	3.51	3.18	1.75	7.21	11	15.30	30	1.91	47
9.3	47	12,782	15	2.63	3.22	3.00	(1.31)	48	20.22	24	6.06	24
10.3	46	11,487	21	1.77	1.93	1.85	(0.44)	47	26.97	11	4.06	39
11.5	39	12,732	16	3.12	3.08	2.69	1.49	39	17.20	27	4.75	34
11.7	37	11,024	23	2.02	1.75	1.81	1.10	41	19.51	26	4.92	31
13.5	23	20,077	10	3.19	3.08	1.88	5.43	19	25.28	13	7.38	17
11.9	35	9,868†	26	2.25	2.00	2.10	0.69	42	24.19	16	5.35	29
11.6	38	12,134	18	4.25	3.94	2.56	5.20	22	23.77	20	4.76	33
14.4	14	9,509	27	3.14	3.14	1.89	5.21	21	5.88	39	1.34	48
		12,030	19	(0.26)‡	0.34	2.08	—		34.98	4	(3.94)	50
14.6	12	8,000	33	3.40	2.64	2.37	3.67	31	23.74	21	5.80	27
12.3	29	7,181	39	3.06	2.73	1.97	4.50	26	24.30	14	6.85	20
13.5	22	8,595	30	2.54	2.45	1.50	5.41	20	20.04	25	2.16	46
18.9	5	29,680	3	3.47	2.47	1.36	9.82	7	35.58	3	8.02	14
14.6	13	12,190†	17	5.50	5.02	2.74	7.22	10	(13.48)	45	7.48	16
14.7	10	5,777†	44	2.55	2.53	2.11	1.91	37	14.48	32	4.56	36
13.2	25	7,669	36	2.30	1.52	1.78	2.60	34	12.71	34	2.99	43
13.2	24	9,900	25	2.35	1.87	1.47	4.80	25	25.67	12	7.05	19
14.1	21	11,500	20	6.91	4.89	3.60	6.74	14	4.20	41	9.81	11
17.2	8	5,800	43	8.70	8.72	2.89	11.65	4	(29.34)	50	6.37	21
20.2	4	7,800	34	6.52	4.86	1.40	16.63	2	(13.64)	46	14.58	3
11.3	41	7,156	40	1.90	2.10	1.61	1.67	38	14.01	33	4.96	30
12.2	30	9,137	28	2.82	2.53	1.96	3.70	30	(5.73)	44	5.80	26
7.3	49	8,150	32	1.29	1.31	1.30	(0.08)	45	28.81	8	6.08	23
18.4	6	11,035	22	5.43	4.70	1.85**	11.37	5	(23.21)	49	16.59	2
27.7	1	8,200	31	3.07	(6.40)	1.86	5.14	24	4.37	40	12.52	7
14.7	11	21,271	9	2.34	2.13	1.41	5.20	23	16.47	28	4.34	37
14.2	18	5,169	46	2.52	2.26	2.03	2.19	35	23.61	22	4.84	32
14.2	19	6,333	42	3.26	2.75	1.74	6.48	15	22.43	23	8.33	13
21.5	3	2,890	50	5.41	4.72	1.97	10.63	6	(17.76)	47	17.92	1
14.1	20	4,585	48	2.24	2.05	1.46	4.37	27	14.90	31	3.00	42
11.9	33	5,120	47	3.42	3.21	1.71	7.18	13	10.64	36	5.42	28
11.4	40	8,915	29	3.70	3.64	2.79	2.86	33	30.35	7	5.88	25
10.6	44	5,585	45	3.03	2.59	2.15	3.49	32	31.90	6	6.30	22
8.4	48	6,524	41	1.37	1.47	2.10	(4.18)	49	8.70	38	(0.20)	49
11.9	34	7,378	38	3.89	3.23	2.54	4.35	28	23.79	19	7.27	18
14.2	17	7,508	37	7.44	5.73	3.14	9.01	8	(2.66)	43	13.01	6
17.5	7	7,800	35	4.24	3.43	0.96	16.01	3	(0.86)	42	14.42	4
11.9	36	4,023	49	2.84	2.87	2.45	1.49	40	28.71	9	3.14	41
13.0	26	9,934	24	4.52	4.04	2.51	6.06	18	35.69	2	10.23	10
21.8	2	22,814	7	3.55	2.82	0.67	18.15	1	(20.37)	48	13.56	5
		1,810,192										

ALPHABETICAL INDEX OF THE "50 LARGEST" LISTS

KEY

S—Diversified Service Companies (page 132)
B—Commercial-Banking Companies (page 134)
L—Life Insurance Companies (page 136)
F—Diversified Financial Companies (page 138)
R—Retailing Companies (page 140)
T—Transportation Companies (page 142)
U—Utilities (page 144)

NOTES TO THE FORTUNE DIRECTORY

ASSETS are those shown at the company's year-end.

NET INCOME is shown after taxes and after extraordinary credits or charges when any are shown on the income statement. A double asterisk (**) signifies an extraordinary credit reflecting at least 10% of the net income shown, a double dagger (‡) an extraordinary charge of at least 10%. Figures in parentheses indicate a loss.

STOCKHOLDERS' EQUITY is the sum of capital stock, surplus, and retained earnings at the company's year-end. Redeemable preferred stock is excluded when its redemption is either mandatory or outside the control of the company.

EMPLOYEES: The figure shown is a year-end total except when it is followed by a dagger (†), in which case it is an average for the year.

EARNINGS PER SHARE: For all companies, the figures shown are the "primary" earnings per share that appear on the company's income statement. These figures are based on a weighted average of the number of common shares and common-stock equivalents outstanding during the year. "Common-stock equivalents" generally include (a) convertible securities whose cash yield is less than two-thirds of the prime rate at the time the securities were issued and (b) options and warrants when the effect of their inclusion in the computation would reduce the "primary" earning per share. Per-share earnings for 1980 and 1981 are adjusted for stock splits and stock dividends. They are not restated for mergers, acquisitions, or accounting changes made after 1971. A double asterisk (**) signifies an extraordinary credit reflecting at least 10% of the net income shown; a double dagger (‡) an extraordinary charge of at least 10%. Results are listed as not available (N.A.) where the companies are cooperatives, joint ventures, or wholly owned subsidiaries of other companies, or if the figures were not published in 1971. The growth rate is the average annual growth, compounded. No growth rate is given if the company had a loss in either 1971 or 1981.

TOTAL RETURN TO INVESTORS includes both price appreciation and dividend yield, i.e., to an investor in the company's stock. The figures shown assume sales at the end of 1981 of stock owned at the end of 1971 or 1980. It has been assumed that any proceeds from cash dividends, the sale of rights and warrant offerings, and stock received in spin-offs were reinvested at the end of the year in which they were received. Returns are adjusted for stock splits, stock dividends, recapitalizations, and corporate reorganizations as they occur; however, no effort has been made to reflect the cost of brokerage commissions or of taxes. Results are listed as not available (N.A.) where shares are not publicly traded or traded on only a limited basis. Where companies have more than one class of shares outstanding, only the more widely held and actively traded has been considered.

Total-return percentages shown are the returns received by the hypothetical investor described above. The ten-year figures are annual averages, compounded. Where corporations were substantially reorganized—e.g., because of mergers—the predecessor companies used in calculating total return are the same as those cited in the footnotes to the earnings-per-share figures.

Most of the figures in this issue of the FORTUNE *Directory were prepared by reporter Brian Dumaine. The figures on per-share earnings and on total return to investors were prepared by Claudine Knight.*

COMPANY	RANK
ARA Services	R21
Aetna Life	L 4
Aetna Life & Annuity	L34
Aetna Life & Casualty	F 2
AGRI Industries	S 9
Ahmanson (H.F.)	F 6
Albertson's	R18
Alco Standard	S12
Alexander & Baldwin	T44
Alleghany	F35
Allegheny Power System	U43
Allied Stores	R23
Allied Van Lines	T39
Allstate Life	L50
American Airlines	T 6
American Broadcasting	S14
American Electric Power	U 5
American Express	F 3
American Financial	F33
American General	F15
American Hospital Supply	S10
American International Group	F17
American Medical International	S50
American National	L30
American Natural Resources	U28
American Savings	F43
American Savings & Loan Assn. of Florida	F44
American Stores	R 8
American Telephone & Telegraph	U 1
American United Life	L48
AmeriTrust Corp.	B44
Amfac	S17
Anchor National	L45
Arco Pipe Line	T30
Arizona Public Service	U38
Arkansas Best	T43
Associated Dry Goods	R25
Associated Milk Producers	S11
Avco	F20
BP Pipelines	T33
Bache Group	F29
Baldwin-United	F24
Baltimore Gas & Electric	U42
BancOhio Corp.	B45
Bank of New York Co.	B25
BankAmerica Corp.	B 1
Bankers Life	L12
Bankers Trust New York Corp.	B 9
Barnett Banks of Florida	B46
Beneficial	F18
Braniff International	T19
Broadview Financial	F49
Burlington Northern	T 4
CBS	S 6
CFS Continental	S48
CSX	T 1
Capital Holding Co.	F36
Capitol Life	L46
Carolina Power & Light	U21
Carter Hawley Hale Stores	R22
Centerre Bancorp.	B48
Centex	S39
Central & South West	U22
Chase Manhattan Corp.	B 3
Chemical New York Corp.	B 7
Chicago Milwaukee St. Paul & Pacific RR	T41
Chicago & North Western Transportation	T26
Chubb	F39
Citicorp	B 2
City Federal Savings & Loan Assn.	F37
Cleveland Electric Illuminating	U37
Columbia Gas System	U24
Commercial Metals	S33
Commonwealth Edison	U 6
Connecticut General Life	L 7
Connecticut Mutual	L16
Consolidated Edison	U 9
Consolidated Freightways	T20
Consolidated Natural Gas	U46
Consumers Power	U13
Continental	F16
Continental Air Lines	T23
Continental Assurance	L21
Continental Illinois Corp.	B 6
Continental Telephone	U36
Crocker National Corp.	B13
Crum & Forster	F31
Dairymen	S41
Dayton Hudson	R16
Delta Air Lines	T 9
Detroit Edison	U14
DETROITBANK Corp.	B39
Dillingham	S26
Dillon Companies	R27
Donaldson Lufkin & Jenrette	F25
Dravo	S28
Duke Power	U15
Dun & Bradstreet	S34
Eastern Air Lines	T 8
Eckerd (Jack)	R35
El Paso	U35
Emery Air Freight	T35
Enserch	U50
Equitable Life Assurance	L 3
European American Bancorp.	B27
Exxon Pipeline	T29
Federal Express	T36
Federal National Mortgage Assn.	F 1
Federated Department Stores	R 9
Financial Corp. of America	F32
Financial Corp. of Santa Barbara	F47
Financial Federation	F42
First Bank System	B20
First Boston	F 9
First Charter Financial	F11
First Chicago Corp.	B10

First City Bancorp. of Texas B23
First Interstate Bancorp. ..... B 8
First National Boston Corp. B18
First National Supermarkets R43
First Pennsylvania Corp. B50
First Union Corp. B49
Fischbach S38
Fisher Foods R38
Fleming Companies ..... S 7
Flickinger (S.M.) S36
Florida Power & Light U17
Fluor ..... S 3
Foremost-McKesson ..... S 5
Foster Wheeler S25
Franklin Life L28
Frontier Airlines T37

GDV S31
General American Life L41
General Public Utilities U19
General Re F30
General Telephone & Electronics ..... U 2
Genuine Parts S27
Giant Food R39
Gibraltar Financial Corp. of Calif. F26
Golden West Financial F23
Grain Terminal Assoc. S13
Grand Union R17
Great Atlantic & Pacific Tea R10
Great Western Financial ..... F 8
Guarantee Financial Corp. of Calif. F50
Guardian of America L33
Gulf States Utilities U40

Halliburton ..... S 2
Harris Bankcorp B30
Heller (Walter E.) International F19
Holiday Inns S24
Home Life L37
Hospital Corp. of America S19
Household Finance F21
Household Merchandising R15
Houston Industries U18
Humana S32
Hutton (E.F.) Group F22

IDS Life L32
INA ..... F 7
IU International S15
Illinois Central Gulf Railroad T25
Imperial Corp. of America F14
Interfirst Corp. B17
Internorth U34
Irving Bank Corp. B16

Jefferson Standard L47
Jewel Companies R14
John Hancock Mutual ..... L 6

K mart ..... R 3
Kansas City Southern Industries T48
Kemper F34
Kroger ..... R 5

Landmark S47
Leaseway Transportation T27
Liberty National L44
Life Insurance of Virginia L49
Lincoln National F12
Lincoln National Life L17
Loews F10
Long Island Lighting U25
Lucky Stores ..... R 7

MCA S35
Macy (R.H.) R26
Malone & Hyde S18
Manufacturers Hanover Corp. ..... B 4
Marine Midland Banks B14
Marriott R32
Marshall Field R45
Massachusetts Mutual L11
May Department Stores R19
McDonald's R28
McLean Trucking T34
Mellon National Corp. B15
Melville R24
Mercantile Stores R42
Mercantile Texas Corp. B33
Merrill Lynch & Co. ..... F 5
Metropolitan ..... L 2
Michigan National Corp. B38
Middle South Utilities ..... U 8
Minnesota Mutual Life L39
Missouri Pacific T12
Montgomery Ward R12
Morgan (J.P.) ..... B 5
Morrison-Knudsen S20
Mutual Benefit L15
Mutual of New York L13

NBD Bancorp B24
NCNB Corp. B28
National Bank of North America B41
National City Corp. B47
National Life L27
National Life & Accident L23
Nationwide Life L25
New England Mutual L14
New York Life ..... L 5
Niagara Mohawk Power U27
Norfolk & Western Railway T14
Northeast Utilities U33
Northern California Savings & Loan F43
Northern Indiana Public Service U44
Northern States Power U45
Northern Trust Corp. B37
Northwest Airlines T13
Northwest Bancorp. B19
Northwestern Mutual ..... L 9
Northwestern National L43

Ohio Edison U26
Overseas Shipholding Group T49
Ozark Airlines T45

PSA T40
Pacific Gas & Electric ..... U 4
Pacific Lighting U49
Pacific Mutual L24
Pacific Power & Light U32
Paine Webber F38
Pan American World Airways ..... T 7
Panhandle Eastern Pipe Line U30
Pantry Pride R44
Parsons S37
Penn Mutual L18
Penney (J.C.) ..... R 4
Pennsylvania Power & Light U20
Petrolane S23
Phibro ..... S 1
Philadelphia Electric U16
Philadelphia National Corp. B35
Phoenix Mutual L20
Piedmont Aviation T32
Pittsburgh National Corp. B31
Pittston S16
Pneumo R46
Provident Life & Accident L38
Provident Mutual L36
Prudential ..... L 1
Public Service Co. of Indiana U41
Public Service Electric & Gas U11

RLC T50
Rainier Bancorp. B42
Rapid-American R29
Raymond International S40
Reliance Group F41
Republic Airlines T17
Republic New York Corp. B29
Republic of Texas Corp. B22
Revco DS R41
Rio Grande Industries T42
Roadway Express T21
Ryder System S22

SAFECO F40
Safeway Stores ..... R 2
St. Paul Companies F28
Santa Fe Industries T10
Scoa Industries R48
Seafirst Corp. B26
Sears Roebuck ..... R 1
Security Pacific Corp. B11
Service Merchandise R50
Sigmor R33
Sohio Pipe Line T18
Sonat U47
Southeast Banking Corp. B34
Southern California Edison ..... U 7
Southern Company ..... U 3
Southern Pacific T11
Southern Railway T15
Southland R13
Southwestern Life L42
State Farm Life L19
State Mutual of America L29
Stop & Shop Companies R31
Subaru of America S49
Super Food Services S43
Super Valu Stores ..... S 4
Supermarkets General R20
Sysco S30

Tandy R37
Teachers Insurance & Annuity L10
Telecom T38
Tesoro Petroleum ..... S 8
Texas Air T31
Texas Commerce Bancshares B21
Texas Eastern U29
Texas Utilities U10
Thrifty R49
Tiger International T16
Trans World ..... T 2
Transamerica F13
Transamerica Occidental Life L26
Transco Companies U39
TRANSOHIO Financial F46
Travelers ..... L 8
Travelers Corp. ..... F 4
Turner Construction S21

UAL ..... T 3
Union Bank B32
Union Electric U31
Union Mutual L31
United of Omaha Life L40
United Parcel Service ..... T 5
USAir T22
U.S. Bancorp B43
U.S. Fidelity & Guaranty F27
U.S. Home S45
U.S. Shoe R47
United Telecommunications U23
United Van Lines T46
Univar S46
Universal Leaf Tobacco S42

Valley National Corp. B40
Variable Annuity Life L35
Virginia Electric & Power U12

Wachovia Corp. B36
Wal-Mart R30
Waldbaum R40
Walgreen R36
Walt Disney Productions S44
Wells Fargo & Co. B12
Western Air Lines T24
Western & Southern Life L22
Western Financial F45
Wetterau S29
Winn-Dixie Stores R11
Woolworth (F.W.) ..... R 6
World Airways T47

Yellow Freight System T28

Zayre R34